

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

April 18, 2017

3:04 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Matt Claman (alternate)
Representative Dan Saddler (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 215

"An Act relating to program receipts; and relating to fees for services provided by the Department of Health and Social Services."

- HEARD & HELD

HOUSE BILL NO. 176

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

- MOVED CSHB 176 (HSS) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 215

SHORT TITLE: DHSS: PUBLIC HEALTH FEES

SPONSOR(S): FINANCE

04/07/17	(H)	READ THE FIRST TIME - REFERRALS
04/07/17	(H)	HSS, FIN
04/18/17	(H)	HSS AT 3:00 PM CAPITOL 106

BILL: HB 176

SHORT TITLE: GROUND EMER. MEDICAL TRANSPORT PAYMENTS
SPONSOR(s): FANSLER

03/14/17	(H)	READ THE FIRST TIME - REFERRALS
03/14/17	(H)	HSS, FIN
04/13/17	(H)	HSS AT 3:00 PM CAPITOL 106
04/13/17	(H)	Heard & Held
04/13/17	(H)	MINUTE (HSS)
04/18/17	(H)	HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

TOM SPITZFADEN, Staff
Representative Paul Seaton
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 215 on behalf of the bill sponsor, the House Finance Committee.

JILL LEWIS, Deputy Director - Juneau
Central Office
Division of Public Health
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the presentation of HB 215.

REPRESENTATIVE ZACH FANSLER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions on HB 176, as the sponsor of the bill.

RICHARD ETHERIDGE, Chief
Capital City Fire and Rescue
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of HB 176.

TOM WESTCOTT, President
Alaska Professional Firefighters
Eagle River, Alaska

POSITION STATEMENT: Testified in support of HB 176.

MARGARET BRODIE, Director
Director's Office
Division of Health Care Services

Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of HB 176.

ACTION NARRATIVE

[3:04:36 PM](#)

CHAIR IVY SPOHNHOLZ called the House Health and Social Services Standing Committee meeting to order at 3:04 p.m. Representatives Spohnholz, Tarr, Sullivan-Leonard, Johnston, and Eastman were present at the call to order. Representatives Kito and Edgmon arrived as the meeting was in progress.

HB 215-DHSS: PUBLIC HEALTH FEES

[3:05:21 PM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 215, "An Act relating to program receipts; and relating to fees for services provided by the Department of Health and Social Services."

[3:06:03 PM](#)

TOM SPITZFADEN, Staff, Representative Paul Seaton, Alaska State Legislature, paraphrased from the Sponsor Statement [Included in members' packets], which read:

This bill would amend AS 44.29.022(a) to grant the Alaska Department of Health and Social Services the authority to collect fees to support the administration of public health programs. The bill would also add public health fees to the list of designated general fund program receipts in AS 37.05.146(c), making clear that the fees collected would be used to support public health operations.

Currently, the division is not able to charge fees for all the potential public health services it could because the list of "public health related duties" for which fees are allowed is limited to maternal and child health, preventive medical services, public health nursing, nutrition, health education, and laboratories.

This bill will give the Division of Public Health the opportunity to collect reasonable fees to support essential public health services consistent with its duties and authority under state law; services that protect Alaskans from preventable illness, injury and death. Examples of public health services and functions provided by the Department that currently lack fee authority include data extraction and analysis, training, expert consultation, inspections and certifications, enforcement activities, administrative functions, and professional services.

HB 215 is necessary to allow the Department of Health and Social Services' Division of Public Health to increase and diversify revenue opportunities, ensuring the means to support public health operations and thereby reducing reliance on general funds. The Division of Public Health budget includes nearly \$7 million in revenue from fees, primarily for clinical laboratory and public health nursing services and certified copies of vital records. The widening gap between public health costs and state general funds jeopardizes our ability to protect and promote the health of Alaskans. It is necessary in public health that those who can pay, should contribute to support these essential services.

[3:09:21 PM](#)

MR. SPITZFADEN paraphrased from the Sectional Analysis [included in members' packets], which read as follows [original punctuation provided]:

Section 1 (page 1, line 4) - Adds public health program fees under AS 18.05.010 to the definition list of designated general fund program receipts and non-general fund program receipts AS 37.05.146(c) that are accounted for separately and appropriations from these program receipts are not made from the unrestricted general fund.

Section 2 (page 1, line 7) - Amends AS 44.29.022(a) to allow the Commissioner of the Department of Health & Social Services to create a schedule of fees for services for public health programs under AS 18.05.010.

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JILL LEWIS, Deputy Director - Juneau, Central Office, Division of Public Health, Department of Health and Social Services, said that the Division of Public Health focused on programs that addressed the health status of every Alaskan and community. The Public Health Services controlled infectious diseases, prevented chronic diseases and injuries, protected maternal and child health, and promoted healthy life styles. She stated that there was a widely held belief that the division should do more to maximize collections for billable services where possible. She reported that public health had traditionally relied on federal grants and state general funds rather than fees; whereas national public health agencies had now been forced to reexamine fees as a funding stream in order to continue providing essential services, and Alaska was no different. She pointed out that the division was not able to charge fees for all the services offered. She said that there was an opportunity to collect fees for immunization, as well as health and safety issues; for birth and marriage certificates and data extraction and analysis; for lab tests, training and expert consultations. She pointed out that the proposed bill would enable the division to be more self-sufficient and collect reasonable fees to support these public health services. She offered some examples of these fees, which included: inspection of devices such as x-ray, CT scan, and MRI; reasonable fees for custom statistical and epidemiological analysis on the public health data sets, as the division resources were consumed in simply collecting the data. She reported that other states charged an annual or an hourly fee for analytical work. She pointed out that the division turned away these requests for analytical work because there were no longer the staff. She noted that only the radiologic health would be a required fee, whereas the other fees would be optional, as communities could decide if they wanted the service or preferred to use a private vendor. She explained that for each new fee, the division would establish a separate regulation to allow the public and the stakeholders ample opportunity for input. She pointed out that the rates were limited to the actual cost for providing the service, and fees were only charged when the cost benefit was economical, in the public interest and did not undermine the mission to protect and promote the public health of Alaskans. She added that there would be a system of waivers or a sliding scale of fees, to ensure that the fees were applied equitably. She declared that the collected receipts would be applied back to the generating program, instead of the general fund. She stated that the "widening gap between our public health costs and our state

general fund jeopardizes our ability to provide the services that protect Alaskans from preventable illness, injury, and death." She emphasized that the proposed bill was necessary to allow the Division of Public Health to be more self-sufficient and reduce the reliance on general funds.

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REPRESENTATIVE JOHNSTON asked if there was a benefit for the department to contract out the services until it was established what fee services were necessary.

MS. LEWIS acknowledged that there was uncertainty "around the amounts that we put in the fiscal note and what we think we might be able to collect right off the bat." She stated that there would be opportunities during the upcoming fiscal year to review this through the regulation packages and assess the need. She pointed out that the fiscal note began in FY 2019. She suggested that the position might need to be spread among many people, and that it would take some time to realize the overall potential.

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REPRESENTATIVE SULLIVAN-LEONARD asked if the division had spoken with outside groups regarding assistance.

MS. LEWIS expressed agreement that they did work with their partners, although relying on the kindness of these partners was not a good long-term strategy for the division. She explained that establishing a fee would bring the cost up front.

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REPRESENTATIVE SULLIVAN-LEONARD asked how to determine a reasonable fee, what mechanism would be used to determine the fee, and who would be charged.

MS. LEWIS said that this fee would vary for each service and, as they would be limited to the cost, they first needed to figure the cost. She suggested that review of data, training, and consultation would most likely be an hourly or annual fee. She reiterated that all these fees would be cost based, and if they were not economical, the division would not continue to pursue these.

[3:24:33 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD offered an example of a chest x-ray.

MS. LEWIS explained that the division did not have x-ray machines, although they inspected them. She said that the division was already charging fees to organizations. She suggested that there was an opportunity to do analysis for community organizations and non-profits, and less likely for individuals.

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CHAIR SPOHNHOLZ commended the department for its review, especially given the new fiscal reality. She shared that as she had done community health needs assessments and data analysis, the ability to purchase this data analysis "could be really valuable, there's been a lot of times, I think, when non-profit organizations have wanted that kind of information and being able to ... essentially buy additional information analysis could be really useful." She suggested that the proposed bill be set up for more transparency for other organizations to better understand how this could work. She shared her concern that the proposed bill had brought to her attention that there were not inspections to much of the radiologic equipment, as currently only x-rays were billable. She explained that a Department of Law determination stated that the other inspections could not be charged for as there was not an explicit authority.

MS. LEWIS expressed agreement, pointing out that although the department had the broad authority to inspect, certify, and register radiologic devices for humans, they did not have the authority to charge a fee. As there was no other revenue source, and there was only one health physicist for the state, it would be necessary to make a second hire. She stated that the proposed fees would be based on the cost of personnel and the expected travel, with a small additional cost for supplies.

CHAIR SPOHNHOLZ asked if there was a sense for the amount of equipment that should be inspected.

MS. LEWIS replied that there were hundreds, if not thousands, mostly found in the larger clinics and hospitals.

CHAIR SPOHNHOLZ asked whether this inspection would require special expertise.

MS. LEWIS explained that this was not the same person as would conduct the clinical service, and it required special equipment to calibrate the machines and ensure they were operating safely.

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REPRESENTATIVE EASTMAN asked about the steps taken to identify the availability for private inspectors.

MS. LEWIS replied that there were no independent private inspectors in Alaska, although there were inspectors out of state. She reported that Department of Health and Social Services did not have the funding for this.

[3:32:04 PM](#)

REPRESENTATIVE TARR asked if the department was limited to a charge for services and was not allowed for any extra revenue.

MS. LEWIS replied that they were only allowed to charge fees for cost.

[3:32:42 PM](#)

REPRESENTATIVE EASTMAN directed attention to page 2, [line 2], of the proposed bill, musing that "it sounds rather vague," and asked if this should be interpreted to mean that a refusal to pay was not economically feasible to collect, or was this per case.

MS. LEWIS clarified that the department would perform an overall review to determine whether this was an economical fee to pursue for the service. She stated that the waivers would be granted on an individual basis. She reported that the process for application to a waiver, including criteria and qualification, was already in regulations to be applied equally to everyone.

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CHAIR SPOHNHOLZ announced that HB 215 would be held over.

HB 176-GROUND EMER. MEDICAL TRANSPORT PAYMENTS

[3:34:57 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 176, "An Act relating to medical assistance reimbursement for ground emergency medical transportation services; and providing for an effective date."

REPRESENTATIVE ZACH FANSLER, Alaska State Legislature, recapped HB 176, and paraphrased from the Sponsor Statement [included in members' packets], which read as follows [original punctuation provided]:

Emergency Medical Transportation Services (EMTS) relates to the emergency transportation of patients. For what is traditionally considered an ambulance ride, EMTS reflects Alaska's unique geographical challenges to include air, water, and other approved medical transport services. As it currently stands, Alaska's emergency medical service providers incur additional uncompensated costs when providing services to Medicaid beneficiaries, by as much as sixty percent.

Reimbursement for ground emergency medical transportation services occurs when the providers submit a billing to the department (specifically to the Medicaid fiscal agent Conduent) for eligible services provided; the department reimburses the provider using the established Medicaid methodology and rate; the department submits documentation supporting the payment of the federal financial participation (FFP) to Centers for Medicare and Medicaid Services (CMS); and once it is approved, the department receives reimbursement for the FFP from CMS that amounts to the appropriate federal assistance percentage (FMAP).

By enacting this legislation along with an amendment to the state Medicaid plan, public EMS providers are eligible to access enhanced federal funding for emergency medical transportation of Medicaid patients. The use of transfers is clearly authorized in federal statute and is both legal and useful. Further, CMS provides reimbursement for the administrative costs associated with administering EMTS by as much as twenty percent.

Anchorage, Juneau, Kenai, and Ketchikan, combined serve approximately forty-eight percent of the state's

population. In 2015 (for Kenai) and 2016 for the others, these departments provided 7,035 transports to Medicaid patients, without EMTS, the departments received just \$2.1 million in reimbursements; a total collective under-compensation of roughly \$3.9 million. Were they EMTS eligible, they could have collected a total of \$6 million.

HB 176 would allow EMS providers around the state to collect underfunded costs from the effective date, providing a financial boon to those organizations and communities. Even smaller communities such as Bethel can see over a quarter of a million dollars in EMTS reimbursements per year.

As you can see from the attached bill packet, there is widespread support for HB 176 throughout the state to help our local communities receive payments to actively cover the services they provide.

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REPRESENTATIVE SULLIVAN-LEONARD asked why the various municipalities would not do this independently, without any state oversight.

REPRESENTATIVE FANSLER explained that there needed to be state acceptance to receive this expanded reimbursement and was not an individual decision made by a municipality. He pointed out that there was no obligation for a municipality to participate.

REPRESENTATIVE SULLIVAN-LEONARD asked if they would have to follow the state mandate.

REPRESENTATIVE FANSLER replied that this was his understanding.

CHAIR SPOHNHOLZ suggested that "authorization" could be another way of framing this.

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REPRESENTATIVE EASTMAN directed attention to page 2, line [13], of the proposed bill, and read: "is owned or operated by the state, a political subdivision of the state, or a federally recognized tribe or tribal organization;" He asked about the reason for this language, whether it was dictated by the federal government.

REPRESENTATIVE FANSLER said that this language was required and was dictated by the program, that community programs which could receive this expanded Medicaid reimbursement could only be governmental.

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REPRESENTATIVE JOHNSTON asked about the changes to the committee substitute.

REPRESENTATIVE FANSLER explained that as the original bill had been written for ground emergency medical transportation services, and was hence limited, it had been recommended to expand the proposed bill and address emergency transportation services.

REPRESENTATIVE JOHNSTON expressed her concern for the increase in usage of emergency rooms and ambulances. She questioned how, policy wise, to put "sidebars" on this. She stated that the original policy was to move individuals away from the use of emergency services and the emergency rooms and that the proposed bill was not moving in that direction.

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REPRESENTATIVE FANSLER acknowledged that he was very cognizant of these concerns for an enticement that people would use emergency services, which had higher costs. He declared that the focus of the proposed bill was for transportation. He shared that he "would love to figure out a policy that starts to say let's have people using their primary care situation better." He suggested that there was a need for additional service providers and better education for defining a true emergency. He stated that it was his belief that the proposed bill did not entice the use of these services or would "drive up the use of emergency rooms."

REPRESENTATIVE JOHNSTON asked if he was interested to putting a sunset clause in the bill, or an amendment for accountability, which could include a reporting mechanism. She stated that she had concerns for the proposed bill.

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REPRESENTATIVE FANSLER replied that he had no interest in either an amendment or a sunset provision, at this time. He offered

his belief that public testimony indicated that the use of these services was increasing statewide. He suggested a cause and effect type of experiment prior to deciding that the proposed bill had created an increase in the use of emergency services. He opined that the legislature was "inclined to be our own sunset provision or our own sidebars on these kinds of thing."

CHAIR SPOHNHOLZ reminded the committee that emergency room physicians were working on a database of causes for emergency room utilization, and she suggested that this may offer a more direct solution to the aforementioned problem.

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REPRESENTATIVE SULLIVAN-LEONARD asked if CPT codes were used for transportation or were the transportation billings separate.

REPRESENTATIVE FANSLER said that he did not know how the medical billing was handled, although he offered his belief that a CPT code was used. He clarified that each municipality handled its own transportation for the Medicaid reimbursement and he offered an example for the City of Bethel.

REPRESENTATIVE SULLIVAN-LEONARD asked if the basic transportation fee was separate from any other charges and how was it billed and matched to the patient.

REPRESENTATIVE FANSLER said that he did not know.

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RICHARD ETHERIDGE, Chief, Capital City Fire and Rescue, explained that most fire departments and EMS departments used third party billers. He said that the department would fill out an EMS report with detailed descriptions for everything done, as there were different rates for each type of transportation and care, and then the billing company would sort out the billing codes to go to either the insurance companies or Medicare or Medicaid.

REPRESENTATIVE SULLIVAN-LEONARD asked if Medicaid made its decision based on whether the patient was injured, or if it only paid for transportation.

MR. ETHERIDGE expressed his agreement. He addressed an earlier question from Representative Eastman regarding the outlying departments around Anchorage. He stated that if an organization

was affiliated with a municipality and had a relationship whereby they could bill through them, that organization would be included in this program.

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CHAIR SPOHNHOLZ opened public testimony.

[3:55:24 PM](#)

TOM WESTCOTT, President, Alaska Professional Firefighters, stated support for proposed HB 176. He said that fire departments and EMS providers around the state determined the cost of ambulance transports and charged accordingly. He noted that Medicaid only reimbursed a percentage of the actual cost, which lead to local tax payers needing to make up the difference to maintain adequate EMS services. He stated that the proposed bill would allow departments the opportunity to demonstrate the actual costs of transports and be reimbursed accordingly when transporting Medicaid patients. He pointed out that the increase in revenue could then be spent as seen fit by the local government. He reminded the committee that as the cuts at the state level had resulted in cost shifting in local municipalities, the proposed bill would help the cities to better deal with the increased costs. He pointed out that there was about a 12-month lag for implementation of the program.

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REPRESENTATIVE JOHNSTON asked about any statistics for the usage of transport for Medicare or Medicaid.

[3:58:12 PM](#)

MARGARET BRODIE, Director, Director's Office, Division of Health Care Services, Department of Health and Social Services, said that although they did keep statistics, she did not know the exact costs to the municipalities because the transportation rates were capped.

REPRESENTATIVE JOHNSTON asked if the statistics included anything regarding the need for transport.

MS. BRODIE said that the statistics only included the transportation although projects had reviewed the claims data for emergency rooms in alignment with the transportation to see how much was for real emergency transport.

REPRESENTATIVE JOHNSTON asked if this was an ongoing project.

MS. BRODIE, in response to Representative Johnston, reported that this had been done as "a pilot type project to ensure that the use of emergency services aren't being abused."

[4:00:04 PM](#)

CHAIR SPOHNHOLZ closed public testimony on HB 176.

The committee took a brief at-ease.

[4:01:59 PM](#)

CHAIR SPOHNHOLZ brought the committee back to order.

[4:02:19 PM](#)

REPRESENTATIVE EDGMON moved to report CSHB 176, Version 30-LS0705\J, Glover, 4/7/17, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 176(HSS) was moved from the House Health and Social Services Standing Committee.

[4:02:48 PM](#)

The committee took a brief at-ease.

[4:04:49 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:05 p.m.