

**ALASKA STATE LEGISLATURE**  
**HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

May 4, 2017

3:08 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Representative Bryce Edgmon, Vice Chair  
Representative Matt Claman  
Representative Dan Saddler

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 20

Urging the United States Congress and the President of the United States to maintain health insurance coverage for individuals currently covered by Medicaid expansion.

- HEARD & HELD

HOUSE BILL NO. 234

"An Act extending the termination date of the Alaska Health Care Commission; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 236

"An Act extending the Alaska senior benefits payment program."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 20

SHORT TITLE: MEDICAID EXPANSION

SPONSOR(S): REPRESENTATIVE(S) PARISH

04/13/17           (H)           READ THE FIRST TIME - REFERRALS

04/13/17 (H) HSS  
05/04/17 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 234

SHORT TITLE: EXTEND ALASKA HEALTH CARE COMMISSION

SPONSOR(s): REPRESENTATIVE(s) GUTTENBERG

04/16/17 (H) READ THE FIRST TIME - REFERRALS  
04/16/17 (H) HSS, FIN  
04/25/17 (H) HSS AT 3:00 PM CAPITOL 106  
04/25/17 (H) -- MEETING CANCELED --  
04/27/17 (H) HSS AT 3:00 PM CAPITOL 106  
04/27/17 (H) Heard & Held  
04/27/17 (H) MINUTE(HSS)  
05/04/17 (H) HSS AT 3:00 PM CAPITOL 106

BILL: HB 236

SHORT TITLE: EXTEND SENIOR BENEFITS PAYMENT PROGRAM

SPONSOR(s): REPRESENTATIVE(s) KAWASAKI

04/17/17 (H) READ THE FIRST TIME - REFERRALS  
04/17/17 (H) HSS, FIN  
04/25/17 (H) HSS AT 3:00 PM CAPITOL 106  
04/25/17 (H) -- MEETING CANCELED --  
04/27/17 (H) HSS AT 3:00 PM CAPITOL 106  
04/27/17 (H) Heard & Held  
04/27/17 (H) MINUTE(HSS)  
05/04/17 (H) HSS AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

REPRESENTATIVE JUSTIN PARISH

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Presented HJR 20 as prime sponsor of the resolution.

LISA WORL, Staff

Representative Justin Parrish

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Answered questions on behalf of the sponsor of HJR 20, Representative Parrish.

TOM CHARD, Executive Director

Alaska Behavioral Health Association

Juneau, Alaska

**POSITION STATEMENT:** Testified and answered questions during discussion of HJR 20.

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

**POSITION STATEMENT:** Testified and answered questions during discussion of HJR 20.

SETH WHITTEN, Staff  
Representative David Guttenberg  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** During discussion of HB 234, testified and answered questions on behalf of the bill sponsor, Representative Guttenberg.

KRISTIN CURTIS  
Legislative Auditor  
Legislative Audit Division  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during discussion of HB 234.

MERCEDES COLBERT, Staff  
Representative Scott Kawasaki  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during discussion of HB 234 on behalf of the bill sponsor, Representative Kawasaki.

MONICA WINDOM, Director  
Division of Public Assistance  
Department of Health and Social Services  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during discussion of HB 236.

#### **ACTION NARRATIVE**

[3:08:02 PM](#)

**CHAIR IVY SPOHNHOLZ** called the House Health and Social Services Standing Committee meeting to order at 3:08 p.m. Representatives Spohnholz, Johnston, and Sullivan-Leonard were present at the

call to order. Representatives Eastman, Tarr, and Kito arrived as the meeting was in progress.

**HJR 20-MEDICAID EXPANSION**

[3:08:49 PM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 20, Urging the United States Congress and the President of the United States to maintain health insurance coverage for individuals currently covered by Medicaid expansion.

[3:09:04 PM](#)

REPRESENTATIVE JUSTIN PARISH, Alaska State Legislature, paraphrased from the Sponsor Statement for HJR 20, which read as follows [original punctuation provided]:

This resolution urges our United States Congress and the President of the United States to maintain the Medicaid Expansion to cover individual health insurance coverage. Health care is an essential service for our residents.

Health care coverage also benefits employers as healthy employees are more productive. Alaska has the second highest rate of residents without health care in the nation. This expansion has provided coverage to more than 31,000 Alaskans who would otherwise not be covered. As of March 31st, 2017, Alaska has received \$413 million total payments made under the expanded program reducing the number of uninsured people visiting emergency rooms and providing necessary funding for behavioral health treatment and treatment for substance abuse.

I would appreciate your support for this resolution to maintain the federal funding for Medicaid Expansion.

REPRESENTATIVE PARISH pointed out that Alaska had the second highest rate of residents without health care in the United States.

[3:11:55 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked how much money the State of Alaska had paid in order to receive the federal funding for Medicaid Expansion.

[3:12:27 PM](#)

LISA WORL, Staff, Representative Justin Parrish, Alaska State Legislature, replied that the state match was five percent of the total amount. She added that the Alaska Native population had additional coverage through the Indian Health Service (IHS) at 100 percent.

REPRESENTATIVE PARISH noted that for every \$1 the state paid, there was a federal match of \$19.

[3:13:07 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked if the recent changes to the Patient Protection and Affordable Care Act would have any effect on Alaska.

REPRESENTATIVE PARISH offered his belief that Alaska may be moving toward a per capita allocation of funds, which he deemed as not good for Alaska given the disproportionate health care costs and other systemic challenges in the state.

REPRESENTATIVE SULLIVAN-LEONARD asked for more explanation to the per capita allocation.

REPRESENTATIVE PARISH explained that each state might be allotted a certain amount of funds in proportion to its population rather to than the actual economic and health needs of the state.

[3:14:35 PM](#)

REPRESENTATIVE JOHNSTON directed attention to page 2, line 11, of the proposed resolution, and read: "the state spends the second lowest percentage of state funds on Medicaid." She asked about the source of this information.

MS. WORL deferred to the representative from the Department of Health and Social Services.

REPRESENTATIVE JOHNSTON asked about the reduction to uncompensated care through Medicaid Expansion. She reported that although the projection had been for Medicaid expansion to

reduce the expensive emergency room care and allow for more preventative care, nationally and in Alaska emergency room care had increased. She declared that the policy was not matching the outcomes. She added that it was not just an increase to emergency room usage but also to emergency room transport. She expressed her concern with the statement on page 2, line 13.

[3:16:28 PM](#)

REPRESENTATIVE PARISH directed attention to page 2, line 13, which read: "Whereas Medicaid expansion has reduced uncompensated care provided by Alaska hospitals by tens of millions of dollars, which helps reduce costs to all patients," and stated that this did not directly address the issue to which Representative Johnston had referred. He opined that although there was a higher overall use of emergency facilities, previously people would have stayed home and "duct taped over the injury." He stated that 31,000 more people, if an emergency room visit was necessary, would now have some sort of funding instead of receiving uncompensated care. He added that most bankruptcies in the country were the result of medical debt.

[3:18:28 PM](#)

TOM CHARD, Executive Director, Alaska Behavioral Health Association, explained that the Alaska Behavioral Health Association was a group of leaders from about 60 mental health and drug and alcohol treatment centers across the state. He shared his experience from both before and after Medicaid expansion in Alaska. He said that prior to September 2015, and Medicaid expansion in Alaska, in order to qualify for Medicaid an individual had to fall into one of several different categories, which included: had a child or dependent; or, was deemed to be disabled, which was often a designation through the social security administration. He explained that for people with mental illness, it was necessary to present paperwork to the social security administration to initiate the process to be deemed disabled in order to qualify for Medicaid. For individuals with substance abuse disorders, as the social security administration did not consider this a qualifying disability, it did not make any difference whether a person was poor or disabled. Consequently, there were many people who could not access care, even as the grant system attempted to "put a patch on that" with the use of unrestricted general funds. He pointed out that the effects of untreated behavioral health disorders were "really pressing our system." He explained that Medicaid expansion offered some resources to

these individuals to allow access to treatment and care and that although the system was gearing up to provide that access to treatment, it was a heavy lift to transition a system which was financed by grants to a system which was reimbursed by Medicaid. He declared that his group was very supportive of Medicaid expansion because the people who had needed treatment all along could now get access to the necessary treatment. He added that this was keeping families together and keeping people out of the public safety and criminal justice system. He moved on to discuss the national vote regarding the Patient Protection and Affordable Care Act and discussed the opioid crisis and the pandemic problems in the state with alcohol, drugs, and untreated mental illness. He emphasized that there was a "very high degree of uncertainty hanging out there right now." He explained that many individuals had not had access to treatment for years, and now that they had access, it was unknown for whether there would be continued access. He acknowledged that there were things in the Patient Protection and Affordable Care Act that were not working and suggested to fix those things and keep the things that were working. He emphasized that Medicaid expansion was working phenomenally well, especially in Alaska, and he expressed hope that people would receive the care and treatment needed. He stated support for the proposed resolution.

[3:25:28 PM](#)

REPRESENTATIVE JOHNSTON asked if, once someone received a social security disability, they could return to work.

[3:25:34 PM](#)

MR. CHARD spoke about a program that attempted to get individuals the necessary benefits counseling, so they could return to work. He said there were therapeutic benefits to work.

REPRESENTATIVE JOHNSTON asked about the outcomes for behavioral health in those states that began Medicaid expansion before Alaska. She declared that the problems with behavioral health and homelessness were expanding nationally and asked if any states were "doing it well."

MR. CHARD offered his belief that Department of Health and Social Services had done an amazing amount of work on reform of the behavioral health system to meet some of the gaps. He declared that Medicaid expansion was a huge support. He

reported that some states were ahead, and that Alaska was studying the health care service delivery systems of other states.

REPRESENTATIVE JOHNSTON asked if Alaska was reviewing both states with and without Medicaid expansion in its search for best practices.

[3:28:11 PM](#)

MR. CHARD said that his group was conferring with associations in the other states, always asking for what could be done with the available resources. He stated that Medicaid expansion offered more available resources. In reference to an earlier question from Representative Sullivan-Leonard, he pointed out that the essential health benefits included in the Patient Protection and Affordable Care Act specifically called for access to mental health and substance abuse treatment. He said that current amendments to the Patient Protection and Affordable Care Act would allow states to option out of or define as they desire the essential health benefits. He asked that everyone consider the impacts on access to mental health and substance abuse treatment services, and what that essential health benefit does for the people in the state.

[3:30:07 PM](#)

CHAIR SPOHNHOLZ shared her background while working with the Salvation Army programs, and the difficulty for expanding when necessary. She stated that Medicaid expansion met the needs and asked what it could mean to those who need these services if the program was cut back.

[3:31:04 PM](#)

MR. CHARD stated that as substance abuse was a grant-based treatment system, it had been realized early on that significant federal resource to pay for the same services would help the state with budget problems by reducing the use of unrestricted general funds. He declared that should Medicaid expansion vanish, there would again be a reliance on the grant-based system, currently reduced because of the new resource. He said that the grant reduction had necessitated a need to identify priority populations and that even some of the providers had to limit their referral sources.

[3:33:04 PM](#)

CHAIR SPOHNHOLZ mused that a contraction of Medicaid expansion would necessitate an increase of the unrestricted general funds contribution.

MR. CHARD expressed his agreement. Without a rebalancing of resources, even when pulling out the high-risk pool, there would be increased pressure in the emergency departments, prisons, and other places where unrestricted general funds were spent.

[3:34:21 PM](#)

VALERIE DAVIDSON, Commissioner, Office of the Commissioner, Department of Health and Social Services (DHSS), relayed that the proposed resolution encouraged the continuation of the Medicaid expansion program, and she shared more details about the program and the experience with it in Alaska. She reported that there were 32,958 Alaskans covered under Medicaid expansion, about 4.48 percent of the state population. She stated that about \$445 million in claims had been paid for services in the following areas: \$126.4 million for inpatient hospital services; \$81.4 million for outpatient hospital services; \$109.7 million in professional and clinic services such as specialists; and \$30 million in behavioral health services, which included mental health and substance use disorder treatment services. She declared that behavioral health coverage was critical to the criminal justice reform efforts. She added that the claims also included \$45.6 million in prescriptions and \$20 million in medically necessary travel, which ensured that Alaskans without access to a specialist in their community could be cared for in the next closest community.

COMMISSIONER DAVIDSON spoke about the match rate for Medicaid expansion and explained that states which had expanded beginning on January 1, 2014, enjoyed three full calendar years at 100 percent federal match. Beginning in calendar year 2017, the federal match was 95 percent, and the state paid 5 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, the federal match would become 90 percent. She stated that for 2017, although the federal match was 95 percent, the effective state match rate was 3.26 percent because for Indian Health Service (IHS) beneficiaries who were also Medicaid beneficiaries and received services through an IHS facility, the federal match was 100 percent. She reminded the committee that Governor Walker had negotiated an agreement to

change the tribal claiming policy and allow 100 percent for travel policy and services which began in an IHS facility but were referred to a non-tribal facility to extend that level of care. She reported that in the current fiscal year, the general fund savings for Alaska had been about \$32 million.

[3:39:51 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD asked about the Medicaid rewrite, and mused that the overall savings would be about \$400 million. She noted that as there would be a decrease in federal funding, there would be an increase in state funding.

[3:40:36 PM](#)

COMMISSIONER DAVIDSON asked to continue speaking about Medicaid expansion and then come back to this question.

[3:40:53 PM](#)

CHAIR SPOHNHOLZ asked if the committee could hold its questions.

[3:41:08 PM](#)

COMMISSIONER DAVIDSON added that Medicaid expansion had infused a significant amount of cash into the Alaska economy, almost \$445 million most of which was federal dollars. She noted that this had a significant economic impact with a benefit to every community in which health care was provided. She relayed that the biggest beneficiaries of this economic boost were Anchorage and the Matanuska-Susitna area. She reported that the current administration had declared that Medicaid expansion and reform move forward hand in hand, as the additional federal resources from Medicaid expansion provided a cushion for providers to do things more creatively. She shared that currently there were significant gaps in the behavioral health care system, and that over the past year, Department of Health and Social Services had been engaged with providers and stakeholders to develop a new way to provide behavioral health services in Alaska. She stated that more flexibility was desired, as some of the current rules did not provide the flexibility which Alaska needed. She reported that Department of Health and Social Services was negotiating for a 1115 waiver with the Centers for Medicare and Medicaid Services, which would provide this flexibility. She stated that Alaska had been challenged by a rule called the Institutions for Mental Disease exclusion. This federal rule stated that a facility with more than 16 treatment beds could

not bill for Medicaid. There had recently been an effort to serve people in a homelike, less restrictive setting, which meant that substance use treatment facilities in Alaska were often too large. She reported that the Centers for Medicare and Medicaid Services had indicated a willingness to amend the existing 1115 Behavioral Health waivers to waive the Institutions for Mental Disease exclusion. She spoke about other reforms included in Senate Bill 74 which provided broad authority for the Department of Health and Social Services to look at new reform opportunities being made available and would allow them to move forward quickly. She stated that there was also provision to address the over-utilization of Medicaid beneficiaries. She explained a voluntary program which would reach out to Medicaid beneficiaries who over-utilized emergency room services to help them find a primary care provider. She shared that beneficiaries love having a primary care provider, and that the department would follow up with these beneficiaries to remind them of appointments, help with transportation, and other issues. She shared that there was another mandatory program for individuals with acute conditions which increased contact; whereas another program pursued by the Alaska State Hospital and Nursing Home Association was a public-private partnership working with emergency departments. She relayed that there was a coordinated care demonstration project looking for interested parties for better care coordination services for Medicaid beneficiaries in Alaska. She stated that the department recognized the opportunity to get people treatment with early intervention and to "build healthier Alaskans." She pointed out that with early intervention for access to health care services upon release from incarceration there was a much better outcome for reduced recidivism. She declared that Medicaid expansion was a critical component of criminal justice reform.

REPRESENTATIVE JOHNSTON asked why the cost for uncompensated care in the hospitals had already started to drop prior to Medicaid expansion.

COMMISSIONER DAVIDSON said that this information had been provided by the Alaska State Hospital and Nursing Home Association.

CHAIR SPOHNHOLZ suggested that Alaska State Hospital and Nursing Home Association be available for questions at the next House Health and Social Services Standing Committee meeting.

[3:54:04 PM](#)

REPRESENTATIVE JOHNSTON asked if the Indian Health Services (IHS) was fully responsible for the health care for those qualified individuals.

[3:54:29 PM](#)

COMMISSIONER DAVIDSON explained that the IHS covered its beneficiaries, Alaska Natives or American Indians, and that federal law required IHS and tribally operated health facilities to pursue third party reimbursement from private insurance, Medicaid, Medicare, or any other source. She declared that IHS was considered the payor of last resort under federal law. She explained that the tribal health organizations in Alaska were only funded at about 50 percent of their level of need based on the federal assessment of necessary funding. In response to Representative Johnston, she explained that the federal government reimbursed at 100 percent for IHS beneficiaries who were also Medicaid beneficiaries receiving their care through an IHS facility, in recognition of the federal trust responsibility to tribes and tribal members.

[3:57:02 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD reflected on the increase of state match for Medicaid expansion and asked how the projected savings of \$400 million would be accomplished.

COMMISSIONER DAVIDSON explained that the trends in Alaska since 2015 for the Medicaid program showed reduction in the amount of general fund spending with increased federal participation because of Medicaid expansion and the new tribal claiming policy. She said that those referenced savings were over a six-year period with the implementation of the reform opportunities, which had reduced the general funds and increased the federal match.

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REPRESENTATIVE TARR offered her belief that Medicaid expansion would provide behavioral health services to many who would not have had access to those services. She asked if there was any tracking regarding these outcomes.

COMMISSIONER DAVIDSON stated that many people in Alaska had not ever had access to health care. She reiterated that many behavioral health providers offered what they could with the

resources they had. She reported that since September 1, 2015, \$30 million in behavioral health services had been provided to Alaskans enrolled in Medicaid expansion. She relayed that many of the providers were nonprofit, grass roots organizations, which provided services to the best of their ability. She pointed out that as there was a limit to the amount of charity care offered while still being able to meet expenses, the federal dollars from Medicaid expansion had allowed many organizations to continue to provide services to Alaskans who needed access to care.

[4:01:38 PM](#)

COMMISSIONER DAVIDSON shared that the department had received letters "that just make you cry from people whose lives have been saved." Without Medicaid expansion, many of these people would not have been able to get the necessary services. She declared that she was excited about the opportunity offered, stating that "people can't work, they can't hunt, and they can't fish, if they're not well enough to do so." She stated that it was necessary to have Alaskans healthy enough to do the work in any resource, and now, for the first time, 32,000 Alaskans had access to health care which they did not have before.

[4:03:13 PM](#)

CHAIR SPOHNHOLZ offered her belief that health care was what stands between many people and independence, self-sufficiency and a vibrant quality of life. She acknowledged that although there was a care for dollars, the reason was for people to realize their full potential.

[4:04:15 PM](#)

REPRESENTATIVE TARR reflected on the Medicaid expansion effort and the testimony regarding a pent-up demand from people who had not had access to health care. She offered her belief that there had been an expectation for an early on increase in costs due to initial access and a need to "catch up on all their health care needs." She asked if there was any way to follow that trend.

[4:05:23 PM](#)

COMMISSIONER DAVIDSON expressed agreement that this had been the experience of Alaska and other states. She pointed out that Alaska had more people eligible for Medicaid expansion than

initially anticipated. She noted that also, because the Alaska "economy unfortunately continues to tank," there were more Alaskans eligible for regular Medicaid services. She reported that a significant part of the spending was for inpatient hospital care, as people had been putting off their health care because they could not afford to go. This had included a lot of lifesaving operations. She added that the cost of pharmaceuticals was higher than expected, including treatments for high blood pressure and diabetes. She noted that there was also a high utilization for travel, as it was medically necessary to access specialists who were not in the small villages.

[4:07:43 PM](#)

CHAIR SPOHNHOLZ announced that HJR 20 would be held over.

**HB 234-EXTEND ALASKA HEALTH CARE COMMISSION**

[4:08:07 PM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 234, "An Act extending the termination date of the Alaska Health Care Commission; and providing for an effective date."

[4:08:34 PM](#)

SETH WHITTEN, Staff, Representative David Guttenberg, Alaska State Legislature, paraphrased from the Sponsor Statement [included in members' packets], which read as follows [original punctuation provided]:

The Alaska Health Care Commission was first established by Governor Palm on December 4, 2008 under Administrative Order #246. In 2010, the legislature passed SB 172, establishing the Alaska Health Care Commission in Statute. The legislature's intent was that the Commission would be a permanent instrument to address the need for health care reform in our state. The Commission worked to identify opportunities, as well as a broad set of strategies, to improve the quality, accessibility and availability of health care for all citizens of the State. These strategies and recommendations can be found in the Commission's reports that were issued annually from 2009-20 14.

In 2015 the Commission was defunded. Alaska's need for health care reform remains one of the most critical challenges we face. At \$10 billion in total spending annually—25% of which is administered by the state government— health care is one of Alaska's largest consumer product industries. When this enormous scale is considered in conjunction with the fact that that the state government is the largest single payer for those services, there is a clear need for an instrument that identifies the costs and benefits of the health care system and identifies strategies for ensuring sustainability therein. Extending the Alaska Health Care Commission will give the state a tool to address this crucial priority.

MR. WHITTEN added that health care was a very complex issue and it was changing across the country, "and certainly maybe even more so in Alaska."

[4:10:28 PM](#)

REPRESENTATIVE JOHNSTON asked for an explanation to the zero-fiscal note. She asked if all the Alaska Health Care Commission reports were available on-line.

MR. WHITTEN replied that the reports were available.

REPRESENTATIVE JOHNSTON said that no matter what the result of the proposed bill, the already completed work was still available on-line.

MR. WHITTEN replied that these reports would be available, although he was unsure if the Alaska Health Care Commission website would be maintained after the end of the fiscal year.

[4:11:40 PM](#)

REPRESENTATIVE JOHNSTON asked if the Alaska Health Care Authority was "mainly in response to Medicaid reform."

[4:11:57 PM](#)

MR. WHITTEN said that he was not an expert, and he shared that per Senate Bill 74, the Alaska Health Care Authority was undergoing a feasibility study, due for completion at the end of the current fiscal year. Contingent on that study, the

legislature would determine what to do with Alaska Health Care Authority.

[4:12:44 PM](#)

CHAIR SPOHNHOLZ reported that the Alaska Health Care Authority was not under the purview of Department of Health and Social Services, but under the Department of Administration as it related to the role of the department as an employer. She explained that there was a review to determine the possibility of consolidating the various health care plans and health care coverage paid for by the state. She stated that it was not related to the Alaska Health Care Commission.

[4:13:35 PM](#)

REPRESENTATIVE KITO asked about the sunset audit which had recommended to not extend the Alaska Health Care Commission. He asked about the benefits for maintaining the commission, noting that there would be an expense to the legislature, even as there was a zero-fiscal note.

[4:14:12 PM](#)

MR. WHITTEN replied that the commission had been inactive and not funded since 2015. He explained that an audit by the Legislative Budget and Audit Committee reviewed the commission to determine whether it was meeting its legislative intent. He reported that the committee had suggested that the commission needed to do more. The committee had reported after the previous sunset audit for the commission that although it had identified some issues and determined some recommendations, as well as created some useful data, the commission needed to move toward implementation. He relayed that there were some differences of opinion on the committee for whether it was the job of the commission to implement a health care plan. The statute stated that the commission was to provide recommendations for and foster the development of a statewide plan to address quality, accessibility, and availability of health care for all citizens of the state.

[4:15:55 PM](#)

REPRESENTATIVE KITO offered his opinion after reading the audit that it was development of a plan and not implementation of a plan that the commission was tasked in statute. He stated that to date, as a plan had not been developed, the commission had

not been meeting its legislative intent, hence the recommendation for the sunset.

[4:16:27 PM](#)

MR. WHITTEN offered his understanding that Chapter 18 stated that the commission was responsible for providing recommendations for and fostering development of the statewide plan. He reported that his review of the transcripts of meetings prior to the de-funding had revealed that conversations with the Legislative Budget and Audit Committee declared the need to move away from recommendations and move toward implementation. He offered his belief that testimony by Kris Curtis to the Legislative Budget and Audit Committee indicated that "they [the commission] weren't doing enough to implement the plan. That feedback had been provided to the commission and that while there was some momentum building at that point, the point which they were de-funded in 2015, ... put all that on the back burner."

[4:18:07 PM](#)

KRISTIN CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, reported that the recommendation in the sunset audit findings had been due to the lack of an actionable plan, and she offered her belief that although the commission had created a framework, this framework lacked the actionable components to effectively impact health care in Alaska because it did not go far enough to explain how these high level recommendations and framework were going to be implemented. She suggested that this may have caused confusion regarding the use of "implementation." She opined that the framework was not a plan, and hence, did not meet the purpose of the statute.

[4:19:01 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD stated that she had watched the Alaska Health Care Commission since its inception, as she had been working in the governor's office. She reported that a clear plan was never developed as requested by the administrative order, which she deemed to be "problematic." She explained that she did not discount the work which had been done by this commission, although she had concerns that another extension of the commission would continue with the same results. She asked if it would be beneficial to consider new legislation to clearly identify the direction for a health care

commission, as opposed to continuing the use of an administrative order which, she opined, has "caused some difficulty."

MS. CURTIS shared that there was ambiguous statutory language and added that more clarity for direction from the Alaska State Legislature would be helpful to ensure that all parties understood the expectations moving forward.

[4:20:57 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD suggested that the House Health and Social Services Standing Committee could look at new legislation in moving forward, instead of following the same path as previously.

[4:21:26 PM](#)

CHAIR SPOHNHOLZ, reflecting on an earlier discussion with the sponsor of the bill, offered her observation that the mandate of the Alaska Health Care Commission was not always implementable and that there was some tension for its implementation. She suggested that two bosses with two different instructions is "almost always gonna end up with a sub-par product." She shared that the bill sponsor would like to see the commission stay on the books and move forward. She reported that it had been agreed to work on a proposed revision to narrow the scope and ensure that the commission was serviceable in the current health care environment. She opined that the use of an administrative order and then a statute created more than eight years ago was no longer practical.

[4:23:19 PM](#)

REPRESENTATIVE TARR asked how this would work as the commission was due to expire on June 30, 2017.

[4:23:47 PM](#)

MS. CURTIS explained that although the commission would sunset, the board had a one-year wind down administrative period. She reported that this had occurred with other sunsets.

[4:24:18 PM](#)

CHAIR SPOHNHOLZ asked if this would mitigate the need for a new sunset audit.

[4:24:25 PM](#)

MS. CURTIS expressed her agreement if a bill was passed prior to July 1, 2018.

[4:24:36 PM](#)

REPRESENTATIVE KITO asked what activities the commission would be responsible for during this upcoming sunset period. He asked if the staff would have identified duties to perform until this was addressed.

[4:25:04 PM](#)

MS. CURTIS offered her belief that currently there was no staff, no funding, and no committee. She offered her understanding that there was an intent to keep the law on the books, even though the members' terms had expired.

[4:25:46 PM](#)

REPRESENTATIVE KITO asked if the commission were allowed to go into sunset, would the statute remain for a possible future authorization.

[4:26:22 PM](#)

MS. CURTIS offered her understanding that the statute would stay, and she suggested to ask Legislative Legal Services.

[4:26:43 PM](#)

CHAIR SPOHNHOLZ said that there would be a follow-up for clarification to these questions.

[HB 234 was held over.]

**HB 236-EXTEND SENIOR BENEFITS PAYMENT PROGRAM**

[4:27:11 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 236, "An Act extending the Alaska senior benefits payment program."

[4:27:29 PM](#)

MERCEDES COLBERT, Staff, Representative Scott Kawasaki, Alaska State Legislature, paraphrased from the Sponsor Statement [included in members' packets, which read as follows [original punctuation provided]:

House Bill 236 would extend the Senior Benefits Program sunset clause to 2022, ensuring another four years of support for low income seniors across Alaska. Without action, the program would end in 2018.

The Senior Benefits Program protects low-income seniors by providing them with modest cash assistance to pay for expenses like food, heating, electricity, transportation and prescription medication.

The program was established in 2007 and currently provides assistance to nearly 12,000 Alaskans ages 65 and older with incomes at 75 percent, 100 percent, and 175 percent of the federal poverty level. Assistance ranges from \$47 to \$250 a month for eligible seniors depending on income and the size of the appropriation from the Alaska State Legislature. The Senior Benefits Program is a successor to the Longevity Bonus, which was created in 1972.

This important program protects seniors who have spent a lifetime building this state. It lends a small hand to low-income seniors who need assistance to help make ends meet. Terminating this program would put thousands of seniors at risk for losing means to buy essential items necessary for maintaining a healthy lifestyle.

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REPRESENTATIVE EASTMAN asked what determined the amount of the benefit.

[4:28:54 PM](#)

MS. COLBERT explained that the assistance amounts were based on income level relative to the federal poverty level, from 75 percent to 175 percent, dependent on the award. She reported that there were also other eligibility requirements, that assets were not counted toward income, that the income levels changed annually as the federal poverty level changed, and that an

eligible senior could not be in jail, and could not be in the Alaska Pioneer Home, the Alaska Veterans' home, a nursing home, or a public or private institution for mental disease.

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REPRESENTATIVE EASTMAN asked about the goal for each of the calculations. As eligibility was based on the federal poverty level, what was the desired level to raise each individual in the program.

[4:30:37 PM](#)

MONICA WINDOM, Director, Division of Public Assistance, Department of Health and Social Services, explained that the dollar amounts for senior benefits were set in statute. She stated that she did not know the reason for the exact dollar amounts.

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REPRESENTATIVE EASTMAN asked how long it had been since those figures had been re-calculated.

MS. WINDOM replied that it had been since 2007.

[4:31:10 PM](#)

REPRESENTATIVE JOHNSTON reported that previously there had been a longevity bonus for which every senior over 65 years of age qualified, which had been changed to a needs-based program during the administration of Governor Murkowski.

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REPRESENTATIVE TARR offered her belief that although the percentage amount was set in statute, the dollar amount was annually adjusted for inflation.

[4:32:11 PM](#)

MS. WINDOM clarified that the income limit for each level increased with the federal poverty level.

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CHAIR SPOHNHOLZ asked if the dollar amount allowed was set in statute, and not by budget.

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MS. WINDOM expressed her agreement, with one exception. She explained that the regulations had been updated to allow an adjustment of the benefit levels if the appropriation was not enough to meet the needs based on the caseload size. She pointed out that in the past year, the bottom two income tiers had been fully funded, whereas the top income tier was given a flat amount of \$76, based on a projection of the appropriation and the number of recipients in the program, rather than \$125.

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REPRESENTATIVE JOHNSTON mused that the governor had removed the top tier from the current budget.

MS. WINDOM replied, "I don't recall."

CHAIR SPOHNHOLZ asked that Ms. Colbert report back to the committee.

[4:33:59 PM](#)

REPRESENTATIVE EASTMAN asked about projections for the next few years and any impacts to the program.

[4:34:19 PM](#)

MS. WINDOM replied that based on history, it was estimated that caseloads would increase about 2 percent each year.

[4:34:30 PM](#)

CHAIR SPOHNHOLZ asked how this annual increase of caseloads was reflected in "hard numbers."

MS. WINDOM reported that in FY17, the highest income level was the only level that had decreased. She shared that this highest income level had 5066 recipients in FY14, and currently there were 4873 recipients.

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CHAIR SPOHNHOLZ asked for a follow up with this information to better understand the trend and the baseline in order to grasp the scope of the program.

[4:36:04 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD directed attention to page 2 of the senior benefits program fact sheet, which reported the increase for the number of recipients from 2011 to 2015.

MS. WINDOM reported that in 2011 there were 10,576 recipients in the program, and that in the current year, 2016, there were 11,629 recipients.

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CHAIR SPOHNHOLZ appointed a subcommittee to work on HB 236 over the interim with the bill sponsor and the departments: Chair Spohnholz, Representative Tarr, and Representative Sullivan-Leonard.

[HB 236 was held over.]

[4:38:03 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 4:38 p.m.