

SENATE FINANCE COMMITTEE

May 1, 2018

9:36 a.m.

9:36:09 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:36 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Anna MacKinnon, Co-Chair  
Senator Click Bishop, Vice-Chair  
Senator Peter Micciche  
Senator Gary Stevens  
Senator Natasha von Imhof

MEMBERS ABSENT

Senator Donny Olson

ALSO PRESENT

Heather Carpenter, Staff, Senator Pete Kelly; Jon Sherwood, Deputy Commissioner, Medicaid and Health Care Policy, Department of Health and Social Services; Monica Windom, Director, Division of Public Assistance, Department of Health and Social Services;

SUMMARY

SB 193 MED. ASSISTANCE WORK REQUIREMENT

SB 193 was HEARD and HELD in committee for further consideration.

#sb193

SENATE BILL NO. 193

"An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program."

9:36:48 AM

Co-Chair MacKinnon read the title of the bill. The committee heard the bill on April 12, 2018; at which time the public hearing was opened and closed.

HEATHER CARPENTER, STAFF, SENATOR PETE KELLY, stated that the bill took advantage of a new Centers for Medicare and Medicaid Services (CMS) rule that allowed states to apply using an 1115 waiver to have work requirements for certain populations of the Medicaid program. She explained that the bill would require 20 hours of work and exempt volunteerism. Other exemptions included if a person was actively searching for a job or caregiving. On page 2 of the bill, there was a list of specific exemptions, which were attempted to be corollary to those for the Temporary Cash Assistance for Needy Families (TANF) Program. Other exemptions included pregnancy, participation in a tribal work program, being a victim of domestic violence, or experiencing a family hardship outside one's control. The bill ensured that a person with a substance abuse disorder was not prevented from obtaining appropriate treatment.

Co-Chair MacKinnon asked Vice-Chair Bishop to review FN 1 and FN 8.

Vice-Chair Bishop reviewed FN 1 from the Department of Administration. He relayed that the allocation was to the Office of Administrative Hearings. In FY 19, the cost was \$338,000; in FY 20 the cost was \$451,800; in FY 22 through FY 24 the cost was \$564,600. He read from the Analysis on page 2 of the fiscal note:

DHSS projects that denials and terminations of Medicaid eligibility pursuant to the new requirements would generate 188 appeals to OAH in FY 2020, 251 appeals in FY 2021, and 314 appeals in subsequent years. We defer to DHSS expertise in making these estimates, but we note that the appeal rates DHSS used to calculate these estimates are consistent with those AH has observed in connection with Temporary Assistance, a program that has a work requirement. Work requirement appeals are moderately expensive to process, in that they often require fairly extensive actual development about the nature of a particular job termination, the extent of a person's disability, or similar issues. Our experience in calendar 2017

shows a cost per case of approximately \$1,800 for appeals of this type.

OAH does not currently have the capacity to handle this caseload. OAH would expect to staff the new caseload with a total of three full-time, range 24 administrative law judges, one to be added at the beginning of FY 2020, one approximately halfway through that year, and the third to be hired at the beginning of FY 2022. At all times, the workload projected by DHSS would somewhat exceed the capacity of these new hires, and excess work would be handled by judges working on contract. The shortfall to be handled by contract peaks in FY 2021 and declines to a lower level thereafter as the third full-time hire begins work. Each newly-hired full-time administrative law judge would be sent to the National Judicial College to attend its training on conducting hearings related to federal benefit programs. Travel expenses related to the training, as well as commodities purchases to equip the new judges with office and hearing technology, fall primarily in FY 2020 and FY 2022.

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Vice-Chair Bishop addressed FN 8 from the Department of Labor and Workforce Development, which was a zero fiscal note. He read from the analysis on page 2 of the fiscal note:

This legislation will likely increase traffic to Alaska job centers, which may result in increased wait times for Alaskans seeking assistance with career services. There is no fiscal impact to the Department of Labor and Workforce Development as a result of this legislation.

Co-Chair MacKinnon asked department staff to address fiscal notes 2 through 7.

JON SHERWOOD, DEPUTY COMMISSIONER, MEDICAID AND HEALTH CARE POLICY, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, gave a brief overview of the fiscal notes. He stated there were six fiscal notes from the Department of Health and Social Services (DHSS); three of which related to administrative activities, and three of which related to reductions in

Medicaid services which reflected reductions in Medicaid services. He noted that one of the effects of the bill would be a reduction in caseloads as individuals chose not to comply with the work requirements.

Mr. Sherwood thought there was a disproportionate impact to federal and state funds. Much of the savings was coming from costs that were eligible for federal funding; and much of the expense from services that were not eligible for federal funding. The combined impact of the fiscal notes would result in an increase in the General Fund (GF) budget.

Mr. Sherwood addressed FN 2, which went to Public Assistance Field Services, and was related to working with clients and ensuring clients were complying with work requirements. He noted that there were start-up costs in FY 19 of \$173,000. In 2020, the amount grew to about \$6.5 million, and then declined somewhat over the following years as it was expected individuals would fail to comply with work requirements thereby reducing the caseload. To do the work would require 49 positions in FY 20, which would decline to 45 positions in the out years.

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Co-Chair MacKinnon thought that FN 2 was very interesting. She considered that it appeared that the department did not want to do the activities associated with the bill.

Vice-Chair Bishop asked about the number of the fiscal note.

Mr. Sherwood specified that he had discussed FN 2, OMB Component 236.

Co-Chair MacKinnon asked if the fiscal note had \$6.1 million for a capital project the update the Medicaid system could appropriately reflect the proposed work component.

Mr. Sherwood answered in the affirmative.

Mr. Sherwood addressed FN 3, pertaining to quality control. The budget allocation was where the department put its fair hearing work. He informed that the fiscal note involved the Office of Administrative Hearings and staff from Department

of Administration (DOA) and DHSS. The department expected that as individuals were denied to failure to comply with work requirements, there would be an increase in hearings. There was a small start-up cost of \$20,000; and a cost in FY 20 of \$490,200 growing to \$591,000 in FY 21; \$704,000 in FY 22; \$686,000 in FY 23; and \$684,000 in FY 24. There would be one additional position associated with the fair hearing representation, and there were no capital expenditures.

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Senator von Imhof mentioned testimony regarding how the work requirements were similar to that of TANF. She asked how many people participated in TANF and wondered what the budget was to manage the program.

MONICA WINDOM, DIRECTOR, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, stated that there were about 3,000 cases per month for The Alaska Temporary Assistance Program (ATAP). In some areas the work was contracted out, and in some areas state staff completed the work. Se stated there were about 1,500 individuals in the Anchorage area that were under mandatory work programs for TANF, with a \$3 million per year contract outsourced to Nine Star Education and Employment Services to handle the associated work.

Senator von Imhof asked if the division had thought about whether the program in the bill made sense to outsource.

Ms. Windom considered that outsourcing would likely cost more. She estimated that 25,000 individuals would have to comply with the mandatory work requirements as proposed in the bill.

Vice-Chair Bishop asked about the Nine Star contract, and asked what services were provided.

Ms. Windom relayed that when an individual applied with Nine Star, he or she would meet with a case manager. The case manager would consider work barriers and facilitate consumers in completing a self-sufficiency plan that would illustrate steps to self-sufficiency. Additionally, case managers could place consumers in volunteer positions, provide training, and provide help with resumés and a job search.

Vice-Chair Bishop asked if the education and training services could include a General Education Diploma.

Ms. Windom answered in the affirmative.

Mr. Sherwood addressed FN 4, for Public Assistance Work Services. The note reflected the actual cost of providing work services to individuals that were subject to the proposed work requirements. The department had estimated that 10.5 percent of the state's total Medicaid enrollment would be subject to the work requirements. He estimated there would be 15 percent rate of non-compliance in the first year, 20 percent the second year, and 25 percent in subsequent years. The bill proposed to provide work services to a substantial number of people each year, at a cost of approximately \$1000 per person. There were no capital expenses associated with the note. The supportive services were not eligible for federal funding and would be paid for by GF.

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Mr. Sherwood reviewed FN 5(DHS), which pertained to Medicaid Services - Behavioral Health. He reiterated that a decrease in Medicaid caseloads would be a result of some percentage of non-compliance. The bill would reduce the Medicaid spend by the reduction of the number of individuals that qualified. He explained that Medicaid reduction was allocated between three of the four Medicaid Service Components: Behavioral Health, Adult Preventive Dental Services, and Medicaid Health Services. There was no reduction to the Senior and Disability Services, as the consumers of those services would be exempt from the proposed work requirements. The department projected a reduction to Behavioral Health Services of \$4.6 million in 2020, \$6.2 million in FY 21, and \$7.7 million in FY 22 and beyond. There was no positions or capital associated with the fiscal note.

Mr. Sherwood spoke to FN 6 (which pertained to Adult Preventive Dental Medicaid Services. He detailed that the fiscal note reflected part of the allocated reduction in Medicaid Services due to the projected caseload reduction. In FY 20 there would be a reduction of \$494,300; in FY 21 there would be a reduction of \$659,100; and in FY 22 and out years there would be a reduction of \$823,900. There

were no capital costs or positions associated with the fiscal note.

Mr. Sherwood addressed FN 7 for Healthcare Medicaid Services. He identified that the fiscal note reflected part of the allocated reduction in Medicaid Services due to the projected caseload reduction. This note reflected the largest component of the reduction. In FY 20, the reduction would be approximately \$25.8 million; in FY 21, the reduction would be approximately \$34.4 million; and in FY 22 and out years, the reduction would be approximately \$42.9 million. There were no capital costs or positions associated with the fiscal note.

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Senator von Imhof referenced her earlier question about outsourcing. She thought Ms. Windom had been unsure about whether outsourcing would save money. She wondered if completing a Request for Proposals process would inform the question. She estimated that the fiscal notes totaled \$28.8 million. She asserted that there were entities, and perhaps a data management company, that would to expand revenue options in the state and make new investments.

Ms. Windom relayed that there was a possibility the state would not be reimbursed by Medicaid for work that was contracted out for work services. Medicaid guidance had communicated that it would not pay for specific work services. For state staff, the department used an allocation code that allowed for 50 percent federal reimbursement. She thought that if the state pursued an 1115 waiver for work requirements, it could submit a Request For Information (RFI, a less formal process than an RFP) to see if there were interested parties.

Senator von Imhof asked if the process would be to obtain a waiver, then complete an RFI.

Ms. Windom believed it was possible to pursue a waiver and put an RFI out at the same time.

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Co-Chair MacKinnon referred back to FN 2, which included 49 requested positions. She understood the cost associated with the capital expenditures and necessity of updating the

records system. She asked the department to go into some detail about why it needed the 49 new technicians for employment services when Department of Labor and Workforce Development (LWFD) usually handled the work.

Ms. Windom stated that when the fiscal note was being developed, the department had looked at the services provided for the state's ATAP clients. She discussed the list of services provided by Nine Star case managers, and noted that there were state staff in other areas that did the same work. She did not believe that state staff provided the level of detail of a self-sufficiency plan.

Co-Chair MacKinnon asked if self-sufficiency plans were required through Medicaid.

Ms. Windom stated that the guidance from CMS stated that if the state were to pursue work requirements for Medicaid, it would have to provide supportive services to the client in seeking employment.

Co-Chair MacKinnon asked if the support work could be done by LWFD or contracted out.

Ms. Windom answered in the affirmative.

Co-Chair MacKinnon asked what the addition of 49 positions would do to the state's pension obligation rate. She asked about the department's vacancy rate and wondered how many dollars were associated with it. She asked about filling the vacant positions.

Mr. Sherwood agreed that there was a certain degree of constant vacancy and anticipated filling the positions in 2020. He noted that the positions would decline slightly as the caseload diminished. He could not elaborate on the effects on the state's pension obligation. He stated that the department would expect when going into negotiations with CMS on the 1115 wavier, to have discussions about options for reimbursement for some of the work that could be characterized by administrative. The department would consider doing contracting if it was feasible, but for the purposes of the fiscal note, the department took a conservative approach since it was not known if contracting the work was the wisest financial course.

Mr. Sherwood continued his remarks. He thought there was a degree of certainty with the approach taken in the fiscal notes; while there was a higher degree of uncertainty in the viability of contracting an entity to do the work of the proposed 49 positions.

10:04:30 AM

Co-Chair MacKinnon mentioned her history at the legislature and shared her concern that the department was requesting support beyond the actual need to implement the program. She referenced FN 2 and FN 4. She wondered if the additional request for personnel should be eliminated from FN 2. She referenced open "hollow" Position Control Numbers (PCNs). She found it difficult to increase the department by 49 positions while increasing contribution to the Public Employees' Retirement System while there was an unknown amount of open PCNs. She asked the members for input on whether the fiscal note should be modified or if the members shared her concerns.

Senator von Imhof discussed Medicaid expansion, and the approximately 40,000 additional enrollees from the two previous years. She asked how many new employees were hired to handle the new enrollees.

Ms. Windom stated that there were no new employees hired, but there was a backlog of 17,000 Medicaid applications.

Senator von Imhof recalled that a large part of the backlog was due to a computer and technology issue.

Ms. Windom stated that there was a variety of factors that had contributed to the backlog, including computer issues. Caseworkers were working in two systems. She referenced charts that showed the growth of the application backlog, which did increase after expansion.

Senator von Imhof asked why the department had not considered temporary outsourcing to help catch up on the backlog.

Ms. Windom informed that federal regulations required a state employee to authorize Medicaid benefits as well as Alaska Supplemental Nutrition Assistance Program (SNAP) benefits.

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Co-Chair Hoffman asked if the department had requested 41 new positions to address the backlog.

Ms. Windom answered in the affirmative.

Vice-Chair Bishop asked about the estimated number of people that would be affected by the proposed work requirements in the bill.

Ms. Windom stated that 22,000 individuals were 10 percent of all Medicaid recipients. The department had researched the group of recipients to determine what percentage was working already or were children, which equaled about 10 percent of Medicaid recipients. Of the 10 percent, the department considered which individuals would be exempt from the proposed work requirement. A national study had shown that about 10 percent would have a mandatory work requirement if it was implemented.

Senator Micciche thought it seemed as though there was not a lot of credit given toward the idea of entire families no longer needing to be on Medicaid. He thought the department's approach was interesting. He discussed the high number of people on Medicaid in the state. He thought 85 percent of Medicaid spending was on children. He asked if the department considered the number of children which would no longer qualify for Medicaid if parents were working and no longer dependent on Medicaid.

Mr. Sherwood stated that the department had not estimated a particular number of children expected to go off Medicaid rolls. The exemptions in the bill included certain parents, and it was more likely exemptions would be in certain families. He stated that the income eligibility standards for children were higher than adults. A modest income that might eliminate an adult from eligibility may not necessarily eliminate a child from eligibility. The department had not felt comfortable making the assumption that the bill would reduce children's Medicaid coverage.

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Senator Micciche thought the legislation had an aspect of breaking a cycle and helping people realize potential. He thought that the fiscal notes engendered an ongoing

dependence on Medicaid. He thought there would be a larger percentage of people that would (through obtaining work) be successful and no longer need Medicaid services. He realized the department was being conservative. He was resistant to the proposed new positions. He thought the state had made it too easy. He thought the state put obstacles in the way of potential success. He did not think the department had given any credit to the probability of families going off Medicaid because of achieving successful employment.

Co-Chair MacKinnon asked for Mr. Sherwood's thoughts.

Mr. Sherwood stated that there were individuals coming and going from Medicaid all the time. He thought it was very difficult to estimate the impact the bill would have in elevating people off of Medicaid long term versus simply ensuring people stayed engaged in the workforce. He would not debate the concept that implementation of the bill would change things over time. He questioned when the state would see the impacts. He stated that the department endeavored to make reasonable assumptions and to avoid making highly speculative guesses about the effects of new programs.

Mr. Sherwood continued to say that with regard to the positions, most of the eligibility work required ongoing monitoring of the cases. The department had done what it could to streamline eligibility, but the bill required more contact and it was not comparable to other work the department did.

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Vice-Chair Bishop asked how many pages and resultant staff time was required for an 1115 waiver.

Mr. Sherwood stated that the waivers could vary from very simple to very complicated waivers with hundreds of pages. He considered that the work requirement would require submissions of evidence to CMS that appropriate exceptions and supports had been implemented. All waivers were subject to cost neutrality. He cited that the department had included some modest start-up costs, including expenditures for an actuary to help with the cost-neutrality determination. He thought the bill implementation would require policy work and negotiations. Alaska would not be

the first state to implement such a bill, but he thought every state had done it differently.

Mr. Sherwood continued discussing the 1115 waiver, and relayed that the department was currently working on one for behavioral health. The waiver was time consuming and took resources, particularly policy resources. The department expected to support the proposed change with a minimal amount of additional resources.

Vice-Chair Bishop referenced the departmental analysis that quantified the number (on FN 2) and asked if the department had identified the top number of barriers to employment.

Ms. Windom relayed that the department did not have such information for Medicaid recipients, and did not have the means to gather the data.

Co-Chair MacKinnon considered striking the employee request from the fiscal note, and directing the administration to work with LWFD. She was not sure how to proceed with regard to the requested positions. She thought the department had plenty of PCNs. She thought that the Office of Children's Services had approximately 60 vacancies, a majority of which did not have associated funding. She asked for committee feedback on the matter of the positions requested.

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Senator Micciche supported Co-Chair MacKinnon's idea. He thought the department had a desire for more employees based on a variety of reasons. He emphasized that the cost of Medicaid had to be managed. He supported a creative way to deal with the work requirement that did not necessitate 49 new employees.

Co-Chair Hoffman asked how the positions being discussed fit into the fact that the proposed work requirement would necessitate finding jobs for 20,000 individuals. He observed that the jobs in the state were on the decline, and people were leaving the state. He discussed the decline of the national unemployment rate, while the Alaska unemployment rate was substantially higher. He thought the plan to address getting 22,000 jobs was very ambitious. He wanted to ponder the interplay of job attainment, success

of the program, and suggested listening to LWFD for feedback.

Vice-Chair Bishop did not disagree in totality with what Co-Chair MacKinnon had suggested. He questioned the barriers to employment and thought there needed to be more assessment of the 22,000 individuals in question. He suggested that he would like to see the commissioners of DHSS and LWFD provide opinions on the matter.

Senator Micciche thought Alaska's unemployment rate was generally higher than that of the Lower 48, save for when the Lower 48 was in a deep recession. He reminded that the bill did not reference a requirement to work, but rather a requirement to contribute. He thought money spent on healthy adults and families was taken from seniors and people with disabilities. He thought if the same spending was directed toward creating opportunities and teaching work ethic would be important. He agreed that the state needed to look for opportunities. He was willing to invest in developing people's skills for success.

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Co-Chair MacKinnon reiterated that it was her intent to zero out the requested positions, but not the funding - in order to contract out with a non-profit or a governmental receipt exchange with LWFD in order to provide work support services. She thought the issue was that the department was standing up a whole unit to handle employment, while there were skills in LWFD. She referenced the loss of a job center in Eagle River. She stated that the employment services technicians ranged from \$85,000 to \$115,000 per person to help an individual find a job. She thought that the task could be done better with a private non-profit or an intergovernmental agreement. She wanted to know if the committee supported eliminating the added positions.

Senator von Imhof reiterated Senator Micciche's comment that there were always volunteer opportunities. She thought the bill was permissible to volunteer activity. She pondered outsourcing. She referenced Ms. Windom's comment about a requirement for state employees to determine Medicaid eligibility. She thought other states had outsourced part of Medicaid eligibility and she was going to research the option for non-state employees.

Senator von Imhof did not feel comfortable moving forward and striking the entire fiscal note. She contemplated rebuilding the fiscal note. She felt she did not have enough information to respond to Co-Chair MacKinnon's request for committee support in changing the fiscal note.

Vice-Chair Bishop thought Co-Chair MacKinnon had asserted that she wanted to cut positions and not funds. He considered that LWFD should work with DHSS to determine the skill sets and employability of the 22,000 individuals in question. He thought employment was more important than volunteering.

[10:29:48 AM](#)

Senator Micciche supported the reduction of employees in the fiscal note as suggested by Co-Chair MacKinnon. He wanted to see a lower fiscal impact on FN 2. He thought it was important to address obstacles in CMS. He wanted to see creativity from the department in using outside sources whenever possible.

Co-Chair Hoffman asked if Mr. Sherwood felt that the department could comply with the legislation if the positions were removed.

Mr. Sherwood stated that the question was difficult to answer, as the department could only proceed through an 1115 demonstration waiver that had to be approved by CMS. He continued that CMS had laid down strict guidelines about waiver approval, and the policy was written with litigation defense in mind. He considered that there were a lot of requirements imposed upon states to move forward, to ensure that individuals subject to the work requirements had adequate protection. He was unsure if the department could get a waiver approved without the requested positions. He thought it might be possible to get the waiver approved with less than the requested positions but reiterated that there was uncertainty. The fiscal note reflected reasonable certainty in moving forward to meet the requirements of CMS policy.

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Co-Chair Hoffman asked if the state should go about trying to address the problem in a different way or give the

legislation the best possible chance by funding the positions to get the job done.

Co-Chair MacKinnon thought the committee wanted success and she thought the fiscal note overstated the needs of the department. She discussed growth in Medicaid expansion, and what she considered a lack of GF dollars to support the expansion. She did not think that the legislature needed to hand out 49 positions when there were positions on the books without funding. She thought providing the funds for the positions without funding was a way to move forward successfully without having to create new PCNs. She pondered the number of PCNs that existed with no funding attached.

Co-Chair Hoffman looked at page 2 of FN 2, which stated that 20 hours of work was required to get an 1115 waiver. He did not believe that 240,000 hours to get the waiver was not substantial and not required.

[10:35:39 AM](#)

Senator Micciche asserted that the individuals being discussed were wonderful people. He thought certain individuals would always need Medicaid services. He wanted to make the bill successful but did not want to supplement other areas of DHSS in order to do so.

Co-Chair MacKinnon asked if Ms. Windom had stated that TANF had a work requirement.

Ms. Windom stated that an ATAP recipient must participate in work programs, and there was a lifetime limit for the benefit. In some areas, the department contracted the work program out; in Anchorage the state contracted with Nine Star for about \$3 million per year to serve 1,500 cases per month. She could not define how long case managers worked with each client because it widely varied between individuals.

Co-Chair MacKinnon estimated that if there were the 1,500 consumers per month as was discussed, it would be equivalent to over 15,000 individuals per year.

Ms. Windom agreed.

Co-Chair MacKinnon considered the potential number of individuals being served by ATAP as compared to the potential number if the bill was passed. She discussed tracking issues with consumers that went on and off of the system.

Co-Chair MacKinnon recognized that Senator Stevens was in attendance. She relayed that the committee was considering FN 2 and she had suggested striking the requested positions from the fiscal note in interest of looking at a different outsourcing method.

Co-Chair MacKinnon asked about the credibility of the \$6 million capital request and referenced the Analysis on page 5 of the fiscal note:

Capital Budget:

\$6,120.0 (10% GF Match, 90% Fed)

Changes to the eligibility computer system, Alaska's Resource for Integrated Eligibility Services, will be required to include information on compliance with work requirements and to support denial or closure of cases due to non-compliance.

In order to implement work requirements for Medicaid, ARIES must be reprogrammed to add fields to indicate if a recipient is exempt from the work requirement, how they're participating (along with how participation was verified), allow for the actual disqualification, and new notices must be added. The division will also be required to create a new interface with the Case Management System. This system is used to track work activities and issue supportive service payments for ATAP recipients

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Ms. Windom stated that the department had a program management office that was tasked with updating areas of the agency. The office had estimated the cost to update Alaska's Resource for Integrated Eligibility Services (ARIES) to include work requirements. She offered to provide more information as to how the office had arrived at the amount of capital request for the system update.

Co-Chair MacKinnon asked if the eligibility determination as proposed by the bill could be run through ATAP's system and then interface with the Medicaid system.

Ms. Windom stated that there was a separate system for tracking work status of ATAP clients. She thought it would likely be possible to utilize for tracking the proposed work requirements for Medicaid recipients; however, an interface would have to be developed. She discussed features of ARIES that would require system changes to implement the bill if passed.

Co-Chair MacKinnon wondered why the ATAP report could not be used for individual clients of Medicaid.

Ms. Windom stated that the ARIES system was rules-based and automated. There was no way to solely use the ATAP report to implement other features of Medicaid.

[10:42:30 AM](#)

Co-Chair MacKinnon brought up FN 4, which included a request for \$20 million GF. She asked for the department to discuss grants and benefits referenced in the fiscal note.

Ms. Windom stated that the department had considered ATAP recipients and what kind of supportive services were provided. On average, the division had spent about \$1,000 per year per client for supportive services.

Co-Chair MacKinnon thought the numbers were high and thought there was opportunities to have a different department do the work.

Senator Micciche supported a Medicaid work requirement for healthy individuals. He supported LWFD helping to train and place individuals for employment. He thought there were ample volunteer opportunities in even the most remote parts of the state. He thought it was important to hear from LWFD regarding the department's role and what a comprehensive plan might look like.

Co-Chair MacKinnon asked if the department had further thoughts on the fiscal notes.

Mr. Sherwood answered in the negative.

Co-Chair MacKinnon thanked Mr. Sherwood and Ms. Windom for their service.

[10:46:19 AM](#)

Co-Chair Hoffman thought all legislators wanted to have citizens of the state contribute to the economy and provide for families. He thought there was a problem with the Medicaid program, which expanded and cost the state millions of dollars. He thought there was a question as to whether the state could continue to provide the services, which he considered to be in competition with other state services. He had great concern about Medicaid and thought reversing the trend could be contentious.

Co-Chair MacKinnon wanted to discuss the fiscal notes more thoroughly at a meeting later in the day, and to hear from DOL. She wanted to under the DHSS vacancy rate and how many positions did not have associated funding.

Co-Chair Hoffman thought it would be interesting to see a snapshot of unemployment in the state from LWFD, to consider the employment trends and available jobs in the current economy. He thought the information would be an integral part of resolving the question of work requirements. He commented that government played a big role in the economy of the state, as well as the educational system.

Co-Chair MacKinnon recognized acknowledgement from LWFD in the gallery.

[10:49:54 AM](#)

Vice-Chair Bishop thought that LWFD would also be able to provide information as to methodology on tracking unemployment. He thought there was a cohort of individuals that had completely ceased seeking employment.

Co-Chair MacKinnon explained that Vice-Chair Bishop was the former commissioner for LWFD.

Senator Micciche wondered how the state could invest a proportion of the \$1.2 billion invested in DHSS to help develop employment and skills rather than spend it continuously on a growing population of individuals dependent upon Medicaid. He wanted to learn more about

constraints on the 1115 waiver. He wanted to know where there was leeway to privatize as much as possible.

Co-Chair MacKinnon planned on bringing the bill up in the afternoon meeting.

SB 193 was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon discussed the agenda for the afternoon.

#

ADJOURNMENT

[10:52:23 AM](#)

The meeting was adjourned at 10:52 a.m.