

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

January 25, 2017

1:31 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator Natasha von Imhof, Vice Chair
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

Senator Peter Micciche

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF HEALTH AND SOCIAL SERVICES -
Commissioner Valerie Davidson

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

VALERIE DAVIDSON, Commissioner
Alaska Department of Health & Social Services
Juneau, Alaska

POSITION STATEMENT: Provided a departmental overview.

SHAWNDA O'BRIEN, Acting Assistant Commissioner
Alaska Department of Health & Social Services
Juneau, Alaska

POSITION STATEMENT: Provided a departmental overview.

DR. JAY BUTLER, Chief Medical Officer and Public Health Director
Division of Public Health
Alaska Department of Health & Social Services
Anchorage Alaska

POSITION STATEMENT: Provided an overview of the Division of Public Health.

ACTION NARRATIVE

[1:31:39 PM](#)

CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Giessel, Begich, von Imhof, and Chair Wilson.

CHAIR WILSON announced that the committee's first order of business is to elect a vice chair.

SENATOR GIESSEL moved that Senator von Imhof be elected vice chair of the Senate Health and Social Services Committee.

CHAIR WILSON announced that without objection, so ordered. He set forth that Senator von Imhof will serve as vice chairman of the Senate Health and Social Services Committee.

OVERVIEW: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

[1:32:52 PM](#)

CHAIR WILSON announced that the committee will hear a departmental overview from Valerie Davidson, commissioner for the Alaska Department of Health and Social Services.

[1:33:26 PM](#)

VALERIE DAVIDSON, Commissioner, Alaska Department of Health & Social Services (DHSS), Juneau, Alaska, introduced DHSS personnel to the committee.

She detailed that DHSS was originally established in 1919 as the Alaska Territorial Health Department. Upon statehood in 1959, the department's responsibilities were expanded to include the protection and promotion of public health and welfare, as outlined in article 7, sections 4 and 5 of the Alaska Constitution. She called attention to various DHSS website links and detailed departmental organization chart.

[1:36:09 PM](#)

She explained that the Division of Alaska Pioneer Homes provides the highest quality life as possible and a safe home environment for older Alaskans and veterans:

- Division of Alaska Pioneer Homes:

- Director: Vickie Wilson;
- 611 positions;
- Operating budget: \$62.6 million in total funding;
 - \$34 million unrestricted general funds (UGF) spending;
- 2.3 percent of DHSS FY2018 operating budget.

SENATOR GIESSEL asked if the number of positions has changed since 2016.

COMMISSIONER DAVIDSON replied that the number of positions has changed: since 2015, a 4-percent reduction or 23 positions.

[1:38:09 PM](#)

SHAWNDA O'BRIEN, Acting Assistant Commissioner, Alaska Department of Health & Social Services (DHSS), Juneau, Alaska, added that the department can provide specific information on position reductions for FY2017 after the committee meeting.

CHAIR WILSON asked the commissioner to address a privatization report for the Division of Alaska Pioneer Homes.

COMMISSIONER DAVIDSON replied that as part of SB 74, which was the 2016 bipartisan Medicaid reform bill, a number of privatization reports were required. She detailed that the Division of Alaska Pioneer Homes' report was originally intended to address facility privatization, but an amendment changed the report to pharmaceutical privatization. She added that privatization feasibility reports from the Alaska Psychiatric Institute and the Juvenile Justice Facilities were included. She revealed that the three-privatization reports will be released on Friday, January 27.

She addressed the Division of Behavioral Health. She detailed that the division's mission is to manage an integrated and comprehensive behavioral-health system based on sound policy, effective practice and partnerships:

- Behavioral Health:
 - Director: Randall Burns;
 - 369 positions;
 - Operating budget: \$134.2 million in total funding;
 - \$60.2 million UGF spending;
 - 4.9 percent of DHSS FY2018 operating budget.

She added that SB 74 required an 1115 [Medicaid] waiver for the department to look at its behavioral health-system care delivery

challenges. She recognized that the department has significant gaps within its care continuum and the result impacts other areas. She specified that the use of emergency rooms is impacted because no one can legally be turned away and some people use the emergency room to access services that are not available to them. She revealed that additional impacts include: corresponding rates of child maltreatment and child neglect; the number of law enforcement encounters with people experiencing unaddressed behavioral-health needs; and the corresponding number of inmates in correctional facilities, whether temporarily in jail or in long-term sentences.

COMMISSIONER DAVIDSON revealed that the department recognized that after working through SB 74 and Medicaid reform, the biggest opportunity to make improvements was to address the behavioral-health system. She asserted that the department has undertaken a significant effort in reaching out to stakeholders and looking at behavioral-health system reform. She divulged that the department has submitted a concept paper to the Centers for Medicare and Medicaid to implement a reform plan. She said a benefit from an approved plan is that budget neutrality will require the department to show that service can be provided more cost effectively.

[1:43:58 PM](#)

She explained that the 1115-waiver also allows the state to address a challenge from a federal provision called the Institute for Mental Disease (IMD) exclusion. She explained that the 1115-waiver allows the state to waive the IMD exclusion for substance-use-disorder treatment services.

She disclosed that the department is moving forward with the Criminal Justice Reform bill by working with the Alaska Department of Corrections. She remarked that the state has an opportunity to either create more prisons or create healthier Alaskans.

She addressed the Office of Children's Services and explained that the division's mission is to prevent and to respond to child maltreatment in order to ensure safe children and strong families:

- Office of Children's Services:
 - Director: Christy Lawton;
 - 533 positions;
 - Operating budget: \$152.4 million in total funding;
 - \$86 million UGF spending;

- 5.6 percent of DHSS FY2018 operating budget.

COMMISSIONER DAVIDSON described the Division of Health Care Services and said the division's mission is to manage health care coverage for Alaskan's in need. She pointed out that the division oversees the Medicaid and health facilities group. She specified that the division does not include the Medicaid payments that go out the door. She detailed that the division makes sure that providers get paid and inspected facilities are safe for Alaskans:

- Division of Health Care Services:
 - Director: Margaret Brodie;
 - 128 positions;
 - Operating budget: \$21.4 million in total funding;
 - \$8.2 million UGF spending;
 - 0.8 percent of DHSS FY2018 operating budget.

[1:46:48 PM](#)

She addressed the Division of Juvenile Justice and explained that the division's mission is to hold juvenile offenders accountable for their behavior, promote safety and restoration of victims in communities, and to assist offenders and their families to develop skills to prevent crimes:

- Division of Juvenile Justice:
 - Director: Rob Wood;
 - 456 positions;
 - Operating budget: \$56.5 million in total funding;
 - \$53.6 million UGF spending;
 - 2.1 percent of DHSS FY2018 operating budget.

CHAIR WILSON pointed out that two centers are planned for closure. He noted that the Ketchikan facility has already closed and asked if the communities with closed or closing facilities have provided feedback.

COMMISSIONER DAVIDSON revealed that the department met with facility employees as well as the City of Ketchikan on whether alternative facility services could be provided, but the numbers were cost prohibitive. She noted that the Nome facility will be specifically addressed in the upcoming privatization report. She revealed that the Nome facility was allocated funding for one year, but the governor's proposed FY2018 budget did not provide an extension. She asserted that concerns will be raised on

whether the anticipated savings from closing the Nome facility will be seen.

1:49:43 PM

SENATOR BEGICH revealed his history in the Division of Juvenile Justice and noted that he was directly involved with the Ketchikan and Nome facilities. He asked to confirm that the state has been able to extract itself from its lease with Ketchikan when the facility was transferred back.

COMMISSIONER DAVIDSON answered yes.

SENATOR BEGICH addressed the Nome facility and noted that the division's policy has been based on sound practice. He disclosed that the division has opposed privatization due to youth system abuses in the Lower 48. He pointed out that Commissioner Davidson referenced possible questions and controversy with the Nome facility's pending report. He asked if Commissioner Davidson could give the committee a preview on Nome's pending privatization report.

1:52:01 PM

COMMISSIONER DAVIDSON replied that she could not provide a preview. She noted that the previous and current administrations have explored partnering with the Norton Sound Health Corporation (NSHC) as a tribal health organization to not only improve services, but to take advantage of a 100-percent federal match. She revealed that NSHC did not indicate an interest in taking over the Nome facility. She asserted that providing care as close to home as possible results in better outcomes; however, the state's budget environment does not always make that possible. She noted that the Juneau facility was available in Southeast when the Ketchikan facility closed, but Nome is the only detention facility located in the Northwest Alaska.

1:54:23 PM

She commented on the Division of Public Assistance and explained that the division's mission is to provide self-sufficiency and basic living expenses to Alaskans in need:

- Division of Public Assistance:
 - Acting Director: Monica Windom;
 - 557 positions;
 - Operating budget: \$305.1 million in total funding;
 - \$136.3 million UGF spending;
 - 11.2 percent of DHSS FY2018 operating budget.

She revealed that the number-one complaint is the division's inability to provide timely customer service. She detailed that a combination of recent Medicaid expansion and budget cuts to public assistance has resulted in long wait periods. She noted that even with a new centralized-call center, the division will not be able to meet customer service expectations.

1:57:42 PM

CHAIR WILSON asked if the data represents all public assistance programs.

COMMISSIONER DAVIDSON answered yes. She revealed that there is a toll-free phone number to expedite Medicaid enrollment for pregnant women to make sure Alaskan women have good access to prenatal care to ensure a healthy baby. She added that people with urgent needs and certain incomes can receive public assistance for risk of eviction or getting utilities shutoff.

She addressed the Division of Public Health and specified that the division's mission is to protect and promote the health of Alaskans:

- Division of Public Health:
 - Director: Dr. Jay Butler;
 - 425 positions;
 - Operating budget: \$117.4 million in total funding;
 - \$43 million UGF spending;
 - 4.3 percent of DHSS FY2018 operating budget.

She revealed that Dr. Butler is the national president of Alaska State and Territorial Health Officials and noted that his policy initiative is on substance-use disorders, specifically opioid addiction.

CHAIR WILSON noted that the Division of Public Health's mission and scope has been scaled back. He asked that the division's core functions be addressed.

2:01:06 PM

DR. JAY BUTLER, Chief Medical Officer and Public Health Director, Division of Public Health, Alaska Department of Health & Social Services, Anchorage, Alaska, disclosed that the division has absorbed much of its 22 percent UGF cut over the past three years with most of the UGF going into public-health nursing. He admitted that closing public-health centers has proved to be challenging and some services have been reduced. He revealed that some public-health centers no longer have resident

public-health nurses in town and an itinerant nurse makes visits on a regular basis or for emergencies.

DR. BUTLER detailed that public-health nurses have a broad range of activities that include:

- Client services;
- Outbreak response;
- Infectious disease containment;
- Working with local officials on emergency preparedness planning.

He noted that some client services are often not billable. He summarized that the rest of the division has a core of general funds, but the larger revenue's portion are from federal grants or fee authority.

[2:03:13 PM](#)

SENATOR BEGICH asked if Dr. Butler can carry forward the division's mission in the face of budget cuts.

DR. BUTLER answered yes, on a broad basis. He specified that the division continues to carry out its mission in the protection and promotion of health for all Alaskans.

SENATOR BEGICH queried if Alaskans are safe if itinerant nurses are being sent into communities rather than having nurses onsite.

DR. BUTLER admitted that not having immediate access to a health-care provider does increase the risk of a problem.

COMMISSIONER DAVIDSON added that the gap has been made up through a partnership with the Alaska Tribal Health System and community-health centers that are federally funded through the Health Resources and Services Administration (HRSA).

[2:07:16 PM](#)

She addressed the Division of Senior and Disabilities Services and specified that their mission is to promote the independence of Alaska's seniors and persons with physical and developmental disabilities:

- Senior and Disabilities Services:
 - Director: Duane Mayes;
 - 173 positions;

- Operating budget: \$67.8 million in total funding;
 - \$42.5 million UGF spending;
- 2.5 percent of DHSS FY2018 operating budget.

COMMISSIONER DAVIDSON noted that services provided in Senior and Disabilities Services through Medicaid are captured elsewhere in the Medicaid costs.

She addressed DHSS's service population and priorities: [health and wellness across the lifespan; health care access delivery and value; safe and responsible individuals, families and communities]. She set forth that the department's breadth of Alaskans served spans from prenatal to after death.

CHAIR WILSON asked if the department has a way to rank and prioritize programs in each division.

COMMISSIONER DAVIDSON replied that ranking programs is a challenge. She specified that DHSS provides statutorily-required services and the department is not allowed to choose to provide one service over another.

CHAIR WILSON concurred that DHSS must follow federal guidelines and state statutes for core services, but noted that there are ancillary services that sometimes support the core services as well. He asked if there is a way to come up with a program matrix or program evaluation to prioritize importance. He noted that other states have ranked their services and programs.

[2:11:21 PM](#)

COMMISSIONER DAVIDSON pointed out that DHSS provided another committee with a list of 99 program and allocation priorities. She detailed that the programs were ranked as being critical, program importance was based on the committee's criteria, and the level of effectiveness was evaluated on a descending scale of 1 to 3.

CHAIR WILSON noted that the levels of effectiveness of the programs were all listed as "1" or "2". He remarked that he did not see the criticalness or ranking in the report that Commissioner Davidson referenced.

COMMISSIONER DAVIDSON answered that DHSS has sustained large cuts over the last three years and some of the lower-ranked programs were eliminated from the department's budget.

CHAIR WILSON replied that his intent is to work towards a rank-in-order program report.

SENATOR BEGICH suggested that Commissioner Davidson provide a list of eliminated entities to identify the areas that were not effective.

COMMISSIONER DAVIDSON replied that DHSS can provide a list of services that either the department is no longer providing or made cuts to. She specified that the governor's FY2018 budget request reflects the ranking and the priorities from the administration; DHSS turns that information over to the Legislature for assessment and the department redesigns or eliminates programs based on the Legislature's budget. She added that DHSS also seeks out more federal authority or other partnerships to fill a critical function that the department feels is important to Alaska.

[2:15:08 PM](#)

At ease.

[2:15:55 PM](#)

CHAIR WILSON called the committee back to order.

SENATOR VON IMHOF asked that the list referenced by the commissioner be provided to the committee and to separate ancillary programs from those that are provided due to state statutes or federal guidelines.

COMMISSIONER DAVIDSON revealed that the report to the other committee did provide the information that Senator von Imhof requested. She specified that the report also included data on funding sources, costs, employees, the number of Alaskans served, levels of effectiveness and rankings.

SENATOR BEGICH specified that he is strictly looking for a list of programs eliminated, who was served and how many people were served.

[2:18:26 PM](#)

MS. O'BRIEN addressed DHSS's FY2018 budget, specifically on formula versus non-formula programs. She noted that the department's largest formula program in its budget is Medicaid services. She detailed the formula and non-formula program percentages as follows:

- Medicaid-Federal: 43 percent

- Medicaid-general fund (GF): 22 percent
- All other formula: 10 percent
- Non-formula-grants and benefits: 6 percent
- Non-formula-"other" line items: 19 percent"

MS. O'BRIEN noted that the "other" formula programs in the department are housed in the Children Services Division, Public Assistance Division, and the Health Care Services Division. She specified that grants and benefits go out directly to serve Alaskans and "other" non-formula items include administrative costs, leasing, etc.

[2:20:25 PM](#)

She addressed the department's FY2018 adjusted base to the governor's budget. She detailed that overall FY2018 UGF spending is \$190 million less than FY2015. She revealed that services have been maintained through increased federal authorization while UGF spending has been reduced. She added that formula programs are tied directly to standards in statute or regulation.

She revealed that 74 percent of the department's overall budget, including all funding sources, are formula programs:

- Office of Children's Services
 - \$33 million in UGF spending.
 - 1.2 percent of DHSS budget.
- Division of Health Care Services
 - \$153,000 in UGF spending.
 - Less than 1 percent of DHSS budget.
- Division of Public Assistance
 - \$109 million in UGF spending.
 - 4 percent of DHSS budget.
- Medicaid
 - \$580 million in UGF spending.
 - 21.4 percent of DHSS budget.

[2:25:05 PM](#)

COMMISSIONER DAVIDSON addressed major DHSS activities happening as follows:

1. Medicaid redesign:
 - Presentation on Friday, January 27.
2. Tribal and federal partnerships:

- DHSS has aggressively advanced federal and tribal partnerships to ensure Alaskans continue to receive critical services.

3. Child welfare:

- Working with its tribal partners to improve the department's Indian Child Welfare Act (ICWA) compliance.
- Realize efficiencies in the adjudication of children in need of aid: one family-one court, one family-one judge.
- Working with the court system to implement changes for better children and family outcomes.
- 3,000 children are in out-of-home placements.
- Repeat maltreatment has seen a reduction.
- Encouraging tribal-service organizations to work with tribal-health partners to make sure services are better coordinated.
- 1115-waiver work to assist with consolidating reunification services within communities.
- Providing telehealth equipment to extend the department's reach with limited dollars.

[2:29:50 PM](#)

COMMISSIONER DAVIDSON addressed opioid misuse and addiction, noting the governor's interest in undertaking a five-part strategy as recommended by the Opioid Policy Task Force.

CHAIR WILSON asked for a brief overview of the Human Services Community Matching Grant and the Community Initiative Matching Grants.

COMMISSIONER DAVIDSON explained that the major cut for the Human Services Community Match Grant occurred in the Community Health Aid Training Program which provides training for community health aides. She revealed that the department was able to reduce the grant's UGF by negotiating with Tribal Health for a 100-percent federal match.

MS. O'BRIEN specified that the two grant programs offer services to supplement other grant programs in communities. The Human Services Matching Grant goes out to several different providers or grantees to offer additional supplements for: housing needs, food for shelters, etc. The Community Initiative Matching Grants goes out to three-different grantees and some of the

municipalities like Anchorage. She set forth that the reductions are representative of funds that were not being spent.

SENATOR GIESSEL asked that a list be provided for the cost of optional services that the state provides in Medicaid.

[2:33:52 PM](#)

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Committee at 2:33 p.m.