ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
February 16, 2018
1:31 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: DEPARTMENT OF HEALTH AND SOCIAL SERVICES "MEDICAID SERVICES WAIVERS"

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JON SHERWOOD, Deputy Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Presented on Medicaid Services Waivers.

DUANE MAYES, Director
Division of Senior and Disabilities Services
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Presented on Medicaid Services Waivers.

ACTION NARRATIVE

1:31:25 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 Begich, von Imhof, Giessel and Chair Wilson.

PRESENTATION: DEPARTMENT OF HEALTH AND SOCIAL SERVICES "MEDICAID SERVICES WAIVERS"

1:31:27 PM
CHAIR WILSON announced the presentation by the Department of Health and Social Services (DHSS) on "Medicaid Services Waivers."

JON SHERWOOD, Deputy Commissioner, Department of Health and Social Services (DHSS), presented on Medicaid Services Waivers.

DUANE MAYES, Director, Division of Senior and Disabilities Services, Department of Health and Social Services (DHSS), presented on Medicaid Services Waivers.

1:32:20 PM
MR. MAYES said the presentation would be on waiver optional services. The first part of the presentation will be on federal Medicaid law and then go on to show where the state is today with the optional services. He pointed out that states have the authority to determine who is eligible for service

> Federal law sets broad requirements for the Medicaid program. States can then make the many operational and policy decisions that determine
>
> - who is eligible for enrollment,
> - which services are covered, and
> - how payments are set.
>
> State Medicaid programs must comply with federal requirements, but states seeking additional flexibility can apply for formal waivers of some of these requirements from the Secretary of Health and Human Services (HHS).
>
> Medicaid waivers can be classified broadly as demonstration waivers or program waivers.
>
> - Demonstration waivers allow a state to test new or existing approaches to program financing and delivery.

- Program waivers, on the other hand, have generally been designed to expand the array of defined program options available to a state. Rather than to provide an avenue of experimentation with new models.

MR. MAYES said what the state is doing under SB 74 is an example of a Section 1115 demonstration waiver. A demonstration waiver is granted for five years, with a possibility of extending up to three years. "Testing new or existing approaches" is the key part of a demonstration waiver.

He said program waivers are not an avenue for experimentation. The majority of the presentation will be about the 1915(c) program waiver.

1:34:28 PM
SENATOR VON IMHOF asked if a data and reporting requirement exists for these waivers so their effectiveness can be shown. She asked where she can find that data collection and analysis.

MR. SHERWOOD said 1115 demonstration waivers do require that level of evaluation. Part of the waiver application is how to monitor and evaluate results. To his knowledge, Alaska has only had one, very small 1115 demonstration waiver several years ago for children on the portion of Medicaid paid for by CHIP [Children's Health Insurance Program] that subjected them to a period of ineligibility if parents dropped health insurance. The waiver operated five years and was dropped after their evaluation did not show the desired effects. The topic of today's presentation, 1915(c) waivers, have reporting requirements about expenditures and quality assurance. The financial reports, CMS 372s, are posted on federal websites. They can provide the CMS quality reports required for waivers if the committee wants.

1:37:12 PM
SENATOR VON IMHOF said she wants to know if the waiver program works, "outcome reporting."

1:37:45 PM
MR. SHERWOOD said they don't explicitly report measures of outcomes, but some of their quality measures include outcome measures in terms of the health status of the people seeking the waivers.

1:38:06 PM

MR. MAYES made the following points about Program Waiver: 1915(c):

> Enacted in 1981 legislation, §1915(c) allows states to waive some Medicaid requirements, in order to offer home and community-based services (HCBS) to limited groups
>
> These waivers also allow states to cap the number of individuals who can receive HCBS.

MR. MAYES pointed out the waivers allow them to offer home and community-based services (HCBS) to targeted populations as an alternative to mandatory institutionalized care.

1:38:58 PM
CHAIR WILSON asked if Alaska has caps on services for individuals.

MR. MAYES said one of the four waivers (which he will break down later in the presentation), for individuals with [Intellectual and] Developmental Disabilities (IDD), has a cap. The others do not.

He explained that individuals must meet institutional level-of-care requirement to be eligible for these waivers.

> To be eligible, individuals must meet level-of-care requirements—-that they would require institutionalization in the absence of Home and Community-Based Services (HCBS).
>
> Coverable HCBS, then, are the services needed to avoid institutionalization; for example, care coordination, supported employment, adult day, residential habilitation, respite care.
>
> A separate 1915(c) waiver is generally required for each eligible population. Alaska currently operates four waivers under this authority.

Mr. Mayes went over some of the services needed to avoid institutionalization:

> Adult day center (Alaska has 11 adult day care centers for seniors with dementia.)
> Chore services to help with upkeep of the home.

Residential rehabilitation (learning independent living skills)
Support employment (people with developmental disabilities may need support in a job, especially at first)
Respite (providing relief for a caregiver)

1:41:52 PM
MR. MAYES said he has created the Continuum of Care slide for the past five years. The left side shows the community-based grants, the lower end of care. To the far right is the facility care, high-end costs.

SENATOR VON IMHOF asked if she can have slides from the previous years to see trends in the number of patients served, the cost per patient, etc.

MR. MAYES said yes. He said the Continuum of Care chart shows they have realized some reductions through utilization control, the rewrite of the regulations, what he calls right sizing. Looking at the 2015 chart will show differences in expenditures.

MR. MAYES directed the committee's attention to the four columns linked to the Home and Community-Based waivers in the chart. He noted the presentation is about the four waivers shown there.

Alaskans Living Independently Waiver $37,330 Avg cost/person
Children w/ Complex Medical Conditions Waiver $48,391 Avg cost/person
Intellectual & Developmental Disabilities Waiver $89,542 Avg cost/person
Adults w/ Physical & Developmental Disabilities Waiver $96,083 Avg cost/person

Alaskans Living Independently are primarily seniors and people with physical disabilities. The FY 17 total for this waiver is $72 million for 1,933 people. The average cost is $37,000 per person vs. $164,000 per person in a nursing home.

Children with Complex Medical Conditions is a relatively small waiver serving 222 children. The FY 17 total is $10.7 million.

For individuals with Intellectual and Developmental Disabilities (IDD) Waiver, the total is $186 million with 2,085 people served. All these waivers have a dollar-for-dollar match between federal and state government.

The Adults with Physical and Developmental Disability Waiver is very small with 88 people served for a total cost of about $8.5 million.

The total cost for FY 17 for Home and Community-Based Waivers is $278 million.

1:46:14 PM
SENATOR VON IMHOF said she likes the way the slide provides a snapshot. One issue from previous DHSS presentations has been maintenance of effort. When a program has been established, the level of maintenance of effort seems to go up each year. The bar keeps going up. She asked how to manage level of effort with traditional programs and whether it applies to waiver programs.

1:47:01 PM
CHAIR WILSON recognized the presence of Senator Micciche.

1:47:17 PM
MR. SHERWOOD said no explicit maintenance efforts are required for the HCBS waivers. They are operated at the decision of states. Every state does have these waivers as they are seen as cost-effective alternatives. They have not had problems limiting people served for the Intellectual and Developmental Disabilities Waiver. Later in the presentation they are going to talk about case law, the Olmstead decision, which does constrain the state's ability to remove these waivers, or any kind of service, for people with disabilities. The most significant maintenance of effort in the Medicaid program, other than agreements to provide services to certain mandatory populations, is around children. As a result of the Affordable Care Act and extended through reauthorizations of CHIP, states operating Children Health Insurance Programs have to maintain the level of eligibility for children on Medicaid through age 18. He thinks one of the last bills passed pushed that requirement through 2027.

He said there is a maintenance of effort related to Medicaid in the Adult Public Assistance (APA) program, which is the state supplement to SSI. It requires the state to maintain payment levels that were in the place in the 80s or to spend as much money as the state did in the prior year on the state supplement, the APA program. The penalty for not meeting that requirement is the loss of all federal funding for the Medicaid program. That is the other major maintenance of effort requirement. They manage that by trying to stay cognizant of

their obligations, but generally speaking those are provisions in federal law. If the state is going to operate a Medicaid program, it must meet those provisions.

1:50:31 PM

SENATOR VON IMHOF said a constituent once told her that maintenance of effort can be addressed by resetting eligibility requirement to be more of federally average requirements in the lower 48. For new patients, keeping the same level of payment and eligibility as for previous patients or for patients already in the system . . . For example, to pick a year, in 2020, any new patients are in the new requirements and new services. Previous patients will be in the exact same levels as before. So, there will be two groups of patients receiving services, one that phases out over time and the new group. This person said that is how the maintenance of effort is reset. It may take a generation. She asked if that is true.

MR. SHERWOOD said he didn't know of a provision that works like that. The state must meet some mandatory levels tied to point in time. Others are tied to the federal poverty level, which cannot be reset. Some eligibility standards increase each year with changes in the CPI [Consumer Price Index]. There are some categories where they can choose not to increase those limits at that level. At one time, before there was a maintenance of effort around CHIP, the legislature chose to reduce the eligibility levels for children and pregnant women and freeze them at the 2003 standards. Something similar can be done for pregnant women but not children under the current maintenance of effort requirement. There are some options to do something like that. More details are needed for certain scenarios because there are different categories of eligibility. Some are tied to federal standards which change every year and some the state establishes those standards and they may not be subject to change. They would have to go through the approximately 30 categories of eligibility.

SENATOR MICCICHE said at some point they have to work together on containing the cost of Medicaid. They have to understand what escalation looks like. He knows DHSS has a new tool. He will say it every time he meets with DHSS, he knows how important what they do is, he knows they care about Alaskans who have the greatest needs, but at some point, they must contain costs. He asked for the list of 30 categories.

1:54:51 PM

MR. SHERWOOD said it is about 30 categories of eligibility. Some are not very different from each other, but federal law requires them to distinguish.

SENATOR MICCICHE said it is something they need to evaluate in the subcommittee process. Most categories are around 200 percent of the federal poverty level. He wondered if removing the top 10 percent--say 190 percent of federal poverty level, would have a material effect on cost. It still protects the most vulnerable Alaskans. Perhaps there could be a transition period for people who would not be covered. He asked if that is something DHSS has evaluated, or do they think that is the responsibility of the legislature.

1:56:43 PM
MR. SHERWOOD said they have looked at the impacts of reducing eligibility standards in 2003. Eventually, they increased them not all the way back to the original point, but about halfway. About 2008, 2009. If they reduce the standard some people will become ineligible and they will save money. To the extent that the people with the greatest need have the ability to control their income, they will make sure to maintain coverage if that is their only option. A ten percent reduction in eligibility will not result in ten percent reduction in spending. People with the worst health have a limited ability to make money. Reducing eligibility would have some impact on spending. Legislative actions are required to reduce eligibility.

SENATOR MICCICHE said that is the definition of a broken system. Folks will push themselves to earn less, so they remain qualified. They need a comprehensive solution, which they are not talking about today. They could control some of that by handpicking the eligibility categories so the most in need health wise will not have the same changes as healthier adults. It is something they have to look at. They have reduced costs in every other area except Medicaid eligibility. He openly admits that DHSS has worked with them for substantial cuts in the last five to six years. It's hard to get at an answer without considering the level of eligibility.

2:00:01 PM
At ease.

2:01:09 PM
CHAIR WILSON reconvened the meeting.

SENATOR BEGICH asked if he would read the division's mission statement, if they have one.

MR. MAYES said whenever people ask him what he does, he loses them in five minutes, so he says, because it is very complicated, that they are the long-term support services division, supporting vulnerable populations, people with disabilities and seniors. They consolidated the mission and have a very comprehensive vision statement. To simplify, it is to promote the independence of Alaskan seniors and persons with physical and developmental disabilities. Supporting them in their communities, community-based settings, is their primary focus.

SENATOR MICCICHE said he wanted to make it clear that his goal is to have adequate funding without a revolution for the most vulnerable populations. Perhaps at some point they evaluate the needs of the least needy served by DHSS. Everyone knows where he stands on seniors and care for those with disabilities. They are going to continue to fight for those programs. That is the role of government for folks who have difficulty providing for themselves because of disabilities or extreme adverse financial issues related to those problems. He thinks everyone knows that is his position. Sometimes it is worth saying that on the record.

MR. MAYES said the division has been accountable for every penny. Looking at past Continuum of Care slides will show the division has slowed growth. When he started at the division about eight years ago, they were growing at $40 to $60 million a year. That is not happening today. Making sure they have good regulations, consistent eligibility . . . Whether someone thinks this is good or bad, it is one of the strictest eligibilities in the country. Their advocacy organizations may not like it, but that is what they have had since the beginning of his time with the division. They have worked to account for every penny and can provide that evidence.

2:05:17 PM
SENATOR MICCICHE said he had a question on the Continuum of Care chart. He said he is assuming, considering the percentage of federal support on the grant programs vs. the 50/50 support of the waiver programs, that they have maximized or evaluated all the grant programs for the potential of a 50/50 waiver program.

MR. MAYES said they were flat funded for several years with their grants. It is a low-cost solution to supporting seniors

and people with disabilities in the community. In May, under SB 74, they are taking the general fund component, referred to as Community and Developmental Disability grants, $11.6 million of general funds and moving that over to a Medicaid authority, putting a cap on it, and creating a wait list so they can manage its growth. So, they are taking that general fund program and moving it to a Medicaid authority. Half of that will go away, so that is the reduction, replaced by the 1915(c) Individualized Supports waiver. They have been thinking about how to move some of the general fund grant programs over to a Medicaid authority.

2:07:08 PM
MR. MAYES presented the History of Alaska's Waiver Program.

- 1990--The State Legislature directed the Department to look at waiver options to serve Alaskans with Disabilities and Seniors.
- 1993, following legislative approval, the department began operating 1915(c) Home and Community-Based Waivers.
- 2018 is the 25th anniversary of Alaska's waivers
- In 2018 a new 1915(c) waiver--Individualized Supports Waiver will be implemented to refinance the 100% general fund program, Community and Developmental Disabilities grant.

MR. MAYES said the Alaska Commission on Aging celebrated the 25th anniversary, something other advocacy groups will also be celebrating. In May of 2018, they will add a fifth waiver that he just described, the Individualized Supports Waiver. That is the refinancing of the general funds grant component, 100 percent general funds program. They are going to move it to a Medicaid authority, reduce it by half, but a match is required. Fifty percent will come from CMS and 50 percent from the state. There are close to 700 individuals that are currently getting grant dollars. The majority of them will be moved to the new authority. Based on a thorough analysis, 17.5 or lower is generally the amount that those who are on grants are receiving. That cap will be manageable. The other critical piece is the waitlist. To answer an earlier question, yes, they do have a cap.

2:09:24 PM
MR. MAYES reviewed Senior and Disabilities Home and Community-Based Service Options.

1915(c) Waivers

Nursing Facility Level of Care (NFLOC)

- Adults Living Independently
- Adults with Physical and Developmental Disabilities
- Children with Complex medical

Intermediate Care Facility/Individuals with Intellectual Disabilities (ICF/IID)

- Persons with Intellectual Disabilities
- Individualized Supports Waiver

MR. MAYES explained people receiving Alaskans Living Independently Waivers, Adults with Physical and Developmental Disabilities Waivers, and Children with Complex Medical Conditions Waivers must meet nursing facility level of care and then waive that right to remain in the community with wrap-around supports.

MR. MAYES explained that the other two waivers, Intellectual and Developmental Disabilities (IDD) Waiver and the new waiver, Individualized Supports Waiver, fall under the second option, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID).

2:10:36 PM
SENATOR BEGICH asked if someone denied a waiver can appeal.

MR. MAYES said yes. The initial eligibility is determined by income eligibility and then a functional assessment. A recipient has to be reassessed every year to determine eligibility. If someone does not meet eligibility the second year, there is a second internal review and if someone is still determined ineligible, then it goes to a third-party contractor. An appeal after those levels of review is unlikely to be successful.

SENATOR BEGICH asked whether anyone has successfully appealed.

MR. MAYES said a small percent of appeals have been reversed. That requires additional medical documentation.

SENATOR BEGICH said it sounds like a thorough and fair process.

CHAIR WILSON asked if people with intellectual disabilities get help with waiver applications and the appeal process.

2:13:43 PM
MR. MAYES said two entities outside the structure of the state, Short-Term Assistance & Referral Program (STAR) and the Aging and Disability Resource Centers, assist people with completing applications. They are stand-alone agencies and so are not conflicted. They do not belong to agencies that might benefit.

SENATOR VON IMHOF asked which insurance pays first if someone has two insurances, Medicaid and something else.

MR. SHERWOOD said under federal law, private insurance and any other coverage, including VA coverage, pays before Medicaid. Tribal services is an exception. But for waivers, most insurance packages do not pay for things such as long term services and supports that would be paid under the waiver.

SENATOR VON IMHOF asked if IHS [Indian Health Service] insurance is paid second.

MR. SHERWOOD said his commissioner would want him to clarify that IHS coverage is not insurance. It is not that full set of services. It is available to individuals in specific locations to the extent that the resources are there. Under federal law, Medicaid pays before IHS. Congress decided several decades ago that IHS would bill Medicaid for services provided to Medicaid recipients.

2:17:08 PM
MR. MAYES went through a list of Home and Community-Based Services provided through waivers.

Care Coordination (ALI, APDD, CCMC, IDD, ISW)
Adult Day
Chore
Meals
Respite
Day Habilitation
Supported Employment
Residential Supportive Living
Residential Habilitation
Intensive Active Treatment (over 21)
Specialized Medical Equipment
Transportation/Escort
Nursing Oversight and Care Management

Specialized Private Duty Nursing

MR. MAYES reviewed the Olmstead Decision.

On June 22, 1999, the United States Supreme Court held in *Olmstead v. L.C.* that unjustified segregation of persons with disabilities constitutes discrimination in violation of title II of the Americans with Disabilities Act.

- The Olmstead Decision is not specific to Medicaid. The decision obligates the state no matter what type of health care coverage a person may have.

MR. MAYES recounted how the Olmstead Decision was triggered in the state of Georgia by two women who went back and forth between hospitals and their communities.

The Court held that public entities must provide community-based services to persons with disabilities when:

(1) such services are appropriate;
(2) the affected persons do not oppose community-based treatment; and
(3) community-based services can be reasonably accommodated, taking into account the resources available to the public entity and the needs of others who are receiving disability services from the entity.

2:21:24 PM
MR. MAYES called the Olmstead Decision historic. States shifted from institutional care to supporting people in their communities.

MR. MAYES reviewed the Cost of Institutional Care without Home and Community-Based Service Options.

The top horizonal box has a column for the four Home and Community-Based Waivers, with a column of the number served and a column for the average cost per person. The last column is for total costs, which is $278 million.

> The middle horizontal box is for institutional placements. There are 16 nursing homes serving 840 individuals with an average cost of $164,234 per person and a total cost of $138 million. Alaska does not have intermediate care facilities for individuals with intellectual disabilities (ICF/IID). Those facilities have been closed, and all those people have been integrated in communities.

MR. MAYES said 15 individuals with challenging behaviors are out of state in Idaho. He has been clear with advocates that the state should do due diligence to try to bring them back to Alaska. The cost is over $200,000 per person to have them in institutions in the lower 48. He believes, and he knows advocates believe, that there is a place for anyone in the community with the right kind of services.

He said that eliminating optional services, because mandatory services are either nursing home or ICF/IID, would grow the budget. The cost of institutional placements if HCB Waiver services did not exist would be $506 million. The operating cost estimate does not include the cost of building more nursing homes in Alaska, along with intermediate care facilities.

SENATOR MICCICHE said if institutional care is $201,000 per person in Idaho, how that price could be reduced in Alaska where it is more expensive than anywhere else.

2:25:52 PM
MR. MAYES said they would bring them home to a community-based setting, not into an institution. The guardians and those who are responsible for them want that. They are working on creating support services for those individuals, so they can return.

CHAIR WILSON said he was trying to understand the increase in cost. In FY 16 it was about $20 million less. He asked what the increase for the four waiver services is due to. The budget just says it was underfunded but does not say what was underfunded in the 2017 budget.

MR. MAYES said they did not see increases to three of the four waivers. There were some to the IDD Waiver.

CHAIR WILSON asked if the fifth category will offset that through the wait list.

2:27:55 PM

MR. MAYES said they are adding the fifth waiver and putting a cap and wait list in place. As a division director, seeing costs going up with the IDD Waiver, he reached out to the providers and said that they need to step back from the landscape of this particular waiver and recalibrate. One of the ways to try to manage that is to reduce the number drawn. They were drawing 200 [from the waitlist] and about two years ago they reduced it to 50. That is one way to manage that. Another, whether advocacy groups agree with this or not, is their ability to look at certain service categories within that particular waiver that has significant growth and capping it, making the argument that if they are at risk of institutionalization, documentation must be provided to ask for more hours. They are trying to see that people get what they need and nothing beyond that.

SENATOR VON IMHOF asked if autism was going to be a whole new category and service program.

2:30:03 PM
MR. SHERWOOD said people with autism do qualify for the waivered services under the IDD Waiver, but services for autism are federally mandated services under early periodic screening diagnosis and treatment provisions of Medicaid or EPSDT. They are offered under the behavioral health budget of Medicaid. Those regulations have been adopted and are at the Department of Law for review. When they become effective, applied behavioral analysis services they will offered for children with autism. It is not linked directly to the waiver.

2:31:24 PM
SENATOR VON IMHOF said that would add cost to the budget. She asked if it were correct that families can qualify regardless of income levels.

MR. SHERWOOD said there are income limits for most categories (and EPSDT only applies to children through age 20) in which children would qualify for Medicaid. The top limit is 208 percent of the federal poverty level. Children who meet the criteria of a waiver but do not need the specialized services that are available through a waiver (It is referred to as the TEFRA category in the budget bill from many years ago.) must meet an income determination, but the parents' income and assets are disregarded. They must be determined disabled under the Social Security standard and they must be determined to meet an institutional level of care. Some children on the Medicaid program in Alaska are in that category. Some of them do have a diagnosis of autism, but it is not the only situation in which

they qualify. Since those children typically are not in a position to earn income on their own, they would qualify regardless of the parental income. That category exists because under the rules of the Social Security Administration, children can qualify for cash assistance payment if they meet those standards and are living in an institution. The cash assistance program, the Supplemental Security Income program, automatically qualifies them for Medicaid. Parents were faced with the choice of getting care for their child if placed in an institution, but if the parents took them out of an institution, the parents' income would make them ineligible for those services. That provision was added early in the Reagan administration to avoid those perverse consequences of how well-intentioned programs work.

2:34:42 PM
MR. MAYES presented National Information on the Value of HCBS (Home-and Community-Based Services) Programs.

- Nearly 3.2 million people receive HCBS services (2014)
- Total Medicaid HCBS spending was $58 Billion (2014)
- HCBS Medicaid waiver services now exist in all 50 states (2014)
- HCBS 1915(c) waiver accounts for the majority of enrollment and spending

MR. MAYES said there are states that have 20 to 30 1915(c) waivers.

All states are reducing the number of individuals in institutional placements through optional HCBS waivers

- Significant cost savings
- Olmstead decision/ADA
- Person Centered
- The demands on elder community-based care (baby boomers)

2:37:27 PM
SENATOR BEGICH asked if they are projecting how the aging population in Alaska is changing.

MR. MAYES said the Commission on Aging is tracking numbers. Alaska will have 130,000 people over age 65 in the next few

years. As division director, he has been concerned that they have been flat funded. The state has a waiver specific to the senior population. The personal care attendant option supports the senior population. In a presentation he gave, "What's Next," he said they should always focus on low cost, no cost solutions. Some states have implemented the family caregiver model and shown cost savings by extending seniors' time at home by five to ten years before placement in nursing homes. In the next year or two he will want to shore that up and replicate some of these models that have demonstrated success, such as driving down nursing home costs.

MR. MAYES said the state should be more aggressive about existing nursing homes. He met with his counterpart in the state of Oregon and asked him what he will be most proud of when he's done with the job. He said they really shored up their ability of their staff to go into nursing homes to see who wants to leave and get back in the community. As a result, they have reduced their costs by millions of dollars. He told Mr. Mayes to address that issue in the next few years. Keeping a finger on the pulse of what is happening elsewhere can help them generate ideas in Alaska going forward. The senior population is going to explode in Alaska, so National Family Caregiver and transitioning people out of nursing homes will be two big pieces going forward.

2:40:30 PM
MR. MAYES presented National Types of HCBS waivers.

> A 2012 study looked at 1915(c) waivers provided by the 33 states that had federally recognized tribes at the time, referred to as "reservation states." The study found that state waivers mainly covered 4 categories in 2012:
>
> - Developmental disability (including autism)
> - Elderly and disabled
> - Medically fragile and palliative care
> - Brain injury

2:41:46 PM
MR. MAYES presented a list of Medicaid Waiver Authorities, so the members could understand what those look like under the Social Security Act.

> 1915(a) voluntary managed care program
> 1915 (b) managed care delivery system:

- (b)(1) Freedom of Choice--restricts Medicaid enrollees to receive services within the managed care network
- (b)(2) Enrollment Broker--utilizes a "central broker"
- (b)(3) Non-Medicaid Services Waiver--uses cost savings to provide additional services to beneficiaries
- (b)(4) Selective Contracting Waiver--restricts the provider from whom the Medicaid eligible may obtain services

1915(c) Home and Community-Based Waivers
1915(d) State Plan Home and Community-Based Services for individuals 65 of age or older
1915(e) State Plan Medical Care for Children who require Hospital or nursing facility level of care
1915(i) State Plan Home and Community-Based Services for Elderly and Disabled Individuals
1915(j) Self-Directed Personal Assistance Services Under State Plan
1915(k) State Plan Option to Provide Home and Community-Based Attendant Services and Supports

MR. MAYES said the state will be implementing 1915(k) in May with SB 74. Other states have done that to bring more federal dollars into their states. There is an additional enhanced match from the federal government. They had considered 1951(i) but concluded they would not be able to control costs.

2:42:45 PM
SENATOR BEGICH asked, based on the actions of the federal government this past year and possible future actions, how he was preparing for the potential loss of federal money.

MR. MAYES said plan b is what they have right now, to be extremely accountable and provide assurances that they are stretching dollars to serve as many people as possible.

CHAIR WILSON said he appreciates the presentation about the value of Medicaid optional waiver services. Something struck him about the department's ability to expand coverage of Medicaid through regulations. He asked how the legislature as the appropriating body help will control costs if the department can just go through regulation to expand services. He noted that the supplemental budget this year was a sticker shock.

2:45:43 PM

MR. SHERWOOD said he wanted to give credit to Director Mayes because the portion of the Medicaid budget that is not driving the supplemental budget is Senior and Disabilities Services. In most states this is the most expensive part of the program. It is, per capita, probably the most expensive population to serve. The state is able to manage those with the waivers, nursing home transition, and family caregivers. These are more cost-effective ways to serve people. They work hard at trying to manage the costs of health care. The Alaska Medicaid program is not only the health care payer challenged by that; the challenge of trying to contain those costs is universal, at least in this country.

MR. SHERWOOD said all their regulations are constrained by federal law and state statute. After working with the Medicaid program for more than 28 years, they give full deference to state statute with regard to what their obligation is in the program. Ultimately the legislature wants the department to have some flexibility in regulation to make adjustments and figure out better ways of doing things without having to come back to the legislature every time to ask for permission. Among Medicaid statutes, Alaska's is proscriptive. Other states' Medicaid statutes are more permissive. Under Alaska statutes, the legislature determines what options the department can take, both in eligibility and the services they provide. A big piece of it is keeping the communication lines open about what the department is doing and making sure they all understand how the program is moving forward.

2:48:45 PM
CHAIR WILSON said he was not just trying to reference the waiver services. This is something that sort of stuck out as an ominous issue.

SENATOR BEGICH thanked the presenters saying that he learned more about Medicaid waivers than he thought he'd ever know.

2:49:12 PM
There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee at 2:49.