

HOUSE FINANCE COMMITTEE
March 18, 2020
9:03 a.m.

9:03:09 AM

CALL TO ORDER

Co-Chair Johnston called the House Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Jennifer Johnston, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Kelly Merrick
Representative Cathy Tilton

MEMBERS ABSENT

Representative Colleen Sullivan-Leonard
Representative Adam Wool

PRESENT VIA TELECONFERENCE

Anita Halterman, Appointee, Alaska Mental Health Trust Authority Board of Trustees; Rhonda Boyles, Appointee, Alaska Mental Health Trust Authority Board of Trustees; Myron Dosch, Chief Financial Officer, University of Alaska; Deven Mitchell, Executive Director, Alaska Municipal Bond Bank Authority, Department of Revenue; Luke Welles, Chairman, Alaska Native Tribal Health Consortium.

SUMMARY

HB 268 MUNI BOND BANK: UA, LOAN AND BOND LIMITS

CSHB 268(FIN) was REPORTED out of committee with four "do pass" recommendations and four "no recommendation" recommendations and with one new indeterminate note from the University of Alaska

and one new fiscal impact note from the Department of Revenue.

CONSIDERATION OF GOVERNOR'S APPOINTEES: ALASKA MENTAL HEALTH TRUST AUTHORITY:

ANITA HALTERMAN
RHONDA BOYLES

Co-Chair Johnston reviewed the meeting agenda.

^CONSIDERATION OF GOVERNOR'S APPOINTEE FOR THE ALASKA MENTAL HEALTH TRUST AUTHORITY: ANITA HALTERMAN

9:03:09 AM

ANITA HALTERMAN, APPOINTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY BOARD OF TRUSTEES (via teleconference), introduced herself and read from a prepared statement.

My name is Anita Marie Halterman. I have been married for over 35 years and my husband and I have three daughters and two grandchildren that we've raised in Alaska. I am happy to be a recent selection for appointment to the Alaska Mental Health Trust Board of Trustees. I actively took my role on the board of trustees in August of 2019 and recently assumed the role of chair of Audit and Risk Committee. Despite already starting my work at the trust, I have been anxiously awaiting my confirmation this session.

Serving on the board of trustees so far has been an amazing journey, one that has expanded my knowledge and afforded me new opportunities to pay it back to society and to learn about new strategies and funding opportunities that can help shape meaningful reform for our program. I would very much like to continue that journey.

Some of you know me from my brief tenure working in the Alaska State Legislature during the 29th Alaska legislative session. While I met many of you during that time period, some of you are new and we have not yet met. While I have reached out to some of you by text, email, or phone already, I have not been able to connect with all of you, but that time will come.

For those of you that don't know me, I first arrived in Alaska in the 1980s after discharging from the United States Army and I followed my husband who was active duty and stationed at Fort Greely and Delta Junction. We raised our eldest daughter there during the first few years of her life and fell in love with Alaska. While we watched the economy suffer, and had to leave Alaska for a brief time, we came back as soon as we were able, and we've lived in Eagle River for over 25 years since moving back.

I earned my MBA from Wayland Baptist University in Anchorage and I have an extensive background working mainly within the Department of Health and Social Services Medicaid program for both Iowa and Alaska. Spending my last seven years with them, I worked within senior and disability service programs as a program manager and a supervisor. I also have experience working with child support, the Department of Corrections, public safety and public assistance programs.

I have worked for the State of Alaska for about 19 years and I have over 6 years of experience working with the State of Iowa. I have worked through welfare reform initiatives in two states and helped kick off Alaska's first food stamp reinvestment plan after the Alaska Department of Health and Social Services program had been sanctioned for high error rates in the 1990s. I trained staff on regulations, program and policy in the welfare offices in and throughout Alaska, developing programs and reducing error rates.

I have devoted my life's work to working with populations that are underserved and I find it rewarding to improve the programs and systems that they utilize in order to provide the provision of services to the beneficiaries of those programs.

[9:07:48 AM](#)

Ms. Halterman continued to review her background with a prepared statement:

After leaving the Alaska Legislature, I started my own consulting business, joining the ranks of the private sector. I obtained licenses as an insurance producer

with lines of authority for accidents in Alaska, health and life and with lines of authority for Washington with life and disability. I also began working with an information technology company working as an account executive. Positioning risk management and human resource solutions for businesses has given me a new perspective about the healthcare needs for privately insured individuals and it has expanded my understanding of more global workforce issues that Alaska faces as we move forward.

I very much hope to take my experiences and help reform the program for the future so that we can sustain them for our populations that need them most. I look forward to continuing to work to improve the lives of the trust beneficiaries as we work in partnership with the Department of Health and Social Services and other stakeholders, to build that comprehensive mental health program that better meets our trust beneficiaries' needs. I want to thank you all for your consideration. I appreciate your support and I look forward to working with all of you to protect the trust and maximize the benefits to solve Alaska's mental health problems.

[9:08:55 AM](#)

Co-Chair Johnston acknowledged Representative Carpenter had joined the meeting.

Representative Knopp thanked Ms. Halterman for her testimony. He remarked on her testimony that she had been in Alaska since the 80s and worked for the state for 19 years. He was curious about her experience with the Iowa Medicaid system for a period of six years. He asked when her work in Iowa had taken place.

Ms. Halterman answered that she and her husband had left Delta Junction for six years in the late 1980s during the recession. She detailed that they had moved back to Iowa for nine years, where she had worked for state government. She elaborated that at the time, welfare reform was just beginning to hit the nation, and Iowa had just finished some sanctions for error rates. She had come on at a time when they were aggressively learning public policy, understanding the federal guidelines, food stamp law, and Medicaid law. She had worked in emergency assistance and

emergency relief programs in Iowa. Additionally, she had done a significant amount of appeals work in Iowa and Alaska. After approximately six years with the Iowa Department of Health and Social Services, she began working with the Iowa Department of Corrections as an inmate grievance officer for a brief time before her husband had taken a position with the State of Alaska in early 1995.

Ms. Halterman continued that they had brought all three of their daughters to Alaska (two of them currently lived in Eagle River and one lived in Hawaii). She had spent a good number of years working out of state because of the recession. There had been no opportunities for her in Alaska at that time.

[9:11:22 AM](#)

Representative Tilton referenced the extensive work Ms. Halterman had done in telehealth and telemedicine. She asked for brief remarks on the subject.

Ms. Halterman replied that she had been involved in telehealth since approximately 1999 when AFHCAN [Alaska Federal Health Care Access Network] and ATAC [Alaska Telehealth Advisory Council] helped form a foundation for Alaska Medicaid to build reimbursement methodologies. In 1999 she had drafted the first telemedicine reimbursement methodologies for Medicaid programs anywhere in the country. The regulations had been mirrored throughout the country and served many Medicaid populations globally.

Ms. Halterman continued that she had carried HB 234, a mental health parity bill, in the 2016 legislative session. She detailed that the bill had encouraged better use of technology for mental health services, which had already been proven very valuable for a Medicaid population. She had been introduced to the Alaska Collaborative for Telemedicine and Telehealth (AKCTT) through those efforts. She had been exposed to the Alaska State Hospital and Nursing Home Association's (ASHNHA) involvement with AKCTT. She was currently serving as the director of AKCTT and had served as president and treasurer in the past. She was watching with bated breath that the COVID-19 crisis was creating an atmosphere that would encourage better use of technology and Medicare rules were being loosened. She was sharing insight daily about activities on a national level. She was on notice that AMHTA would be stepping in and

providing funding opportunities to advance some solutions. She was hoping to know more in the near future. She concluded that telemedicine had been in her blood since its inception in Alaska and she was excited to be a part of it. She believed it would provide some meaningful relief for numerous beneficiaries served by the trust.

Representative Tilton thanked Ms. Halterman for her work.

[9:14:14 AM](#)

Vice-Chair Ortiz stated that when Ms. Halterman had begun with the AMHTA board, COVID-19 had not yet occurred. He observed that the virus was front and center in terms of the immediate future. He set the issue aside and asked what her observations had been about current and future challenges facing AMHTA.

Ms. Halterman replied that there was significant uncertainty with regards to what the mental health structure would look like going forward. Although, the trust had currently made numerous recommendations for crisis intervention and funding for homelessness programs, she would continue to study the issues. With her background with the Department of Health and Social Services she hoped to have a laser view and focus to redirect some of the trust's funding efforts to focus on populations that had been underserved by the trust over the years. She reported that the trust did well at some things and some things needed improvement.

Ms. Halterman highlighted that the trust administrative staff worked very hard and were very talented individuals. She equated trying to absorb the large amount of information about the trust's responsibilities, governance, and audit requirements and timing to drinking through a fire hose. She wanted to ensure some of the mistakes made in the past were not repeated. She would like to see the trust move more in creative ways, working cooperatively with other departments to solve the problems of beneficiaries that crossover between all state agencies and burden all of the state systems.

Ms. Halterman wanted to find solutions that did not continue to burden the systems. Additionally, she hoped to get people back on their feet and highlighted that dealing with substance abuse and mental health issues was critical

to solving many of the problems that followed suit with populations in need of services. She hoped to continue to learn from the current AMHTA leadership. She would continue to read as much information as possible and would reach out to others for advice and input on what had worked well and what had not. She had learned in her many years of working with health and social services programs that the complaint department was the place to identify ways to improve programs. She highlighted the importance of listening to people who had used the programs because they raised the issues that need to be resolved and they may do it in creative ways. She concluded that listening to the populations the programs were intended to serve helped focus on meaningful solutions.

[9:17:34 AM](#)

Co-Chair Johnston OPENED and CLOSED public testimony. She thanked Ms. Halterman for her testimony.

^CONSIDERATION OF GOVERNOR'S APPOINTEE FOR THE ALASKA MENTAL HEALTH TRUST AUTHORITY: RHONDA BOYLES

[9:18:15 AM](#)

RHONDA BOYLES, APPOINTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY BOARD OF TRUSTEES (via teleconference), discussed her background. She shared that she had lived in Interior Alaska for 44 years. She relayed that three years back she had brought her husband to Phoenix due to his diagnosis with a very difficult form of dementia called diffuse lewy body. She detailed that he had worsened rapidly, and she had not been able to bring him home to Alaska. They built a home in Phoenix where she had hired staff and could keep him at home with her under the care of their Alzheimer research. Her husband had passed away on April 1, 2019 and she had gone back to Alaska immediately. She had decided she wanted to live closer to her son in Anchorage and purchased a townhome there.

Ms. Boyles detailed that when she had moved back to Alaska, the governor's office had asked if she would submit her resume for the AMHTA. She shared that she had known very little about the trust when she had been asked to apply due to the constant training she had undergone when caring for her husband. Prior to that, she had owned three Wendy's restaurants and had served as mayor of the Fairbanks North

Star Borough. She expressed gratitude to elected officials for the challenging work they took on. After her work as mayor she had returned to her previous work in nursing and had worked in the state Pioneer Home for almost four years taking care of Alaskans without supervising anyone. She highlighted that her favorite wing was dementia. She explained that her interest in AMHTA was that its beneficiaries were in that category, as well as many others.

Ms. Boyles detailed that her resume was quite diversified. She had experience in land management, formal and personal trust management, and financial management. She believed the current market conditions would be a short-term issue with regard to AMHTA. She had been educated at Yale and was born and raised in Maine. She loved Alaska and was anxious to contribute to the state. She wanted to serve in a substantive capacity. She had volunteered over 40 years in the state on many commissions and boards. She stated that serving on the AMHTA was different than any other work she had done in the past and it was more substantive than many things she had done, which had piqued her interest.

[9:22:21 AM](#)

Representative LeBon shared that he had known Ms. Boyles for many years. He referenced their strong business, professional, and personal friendship history. He thanked her for her willingness to serve.

Co-Chair Johnston OPENED and CLOSED public testimony.

Co-Chair Foster read a statement pertaining to the forwarding of the governor's appointees' names to a future joint session for confirmation:

The House Finance Committee has reviewed the qualifications of the governor's appointees and recommends that the following names be forwarded to a joint session for consideration:

- Anita Halterman, Alaska Mental Health Trust Authority, Member
- Rhonda Boyles, Alaska Mental Health Trust Authority, Member

This does not reflect intent by any of the members to vote for or against these individuals during any further sessions for the purposes of confirmation.

There being NO OBJECTION, it was so ordered.

Co-Chair Johnston thanked Ms. Halterman and Ms. Boyles for calling in.

#hb268

HOUSE BILL NO. 268

"An Act relating to the Alaska Municipal Bond Bank Authority."

[9:23:55 AM](#)

Co-Chair Johnston asked for a brief reintroduction of the bill.

REPRESENTATIVE BART LEBON, SPONSOR, detailed that HB 268 would remove the project scope limitation on projects with the University of Alaska and gave them an opportunity during the current low interest rate environment to potentially refinance some of their debt. The bill would also increase the [project participation] cap from \$87 million to \$500 million [for the university]. In relation to regional health organizations, HB 268 would remove the 49 percent project participation limitation on the Alaska Municipal Bond Bank and increased participation to 100 percent, which would save regional health organizations money in refinancing or placing money through the bond bank without having to find partners that increased complexity and expense. The bill would increase the project limit from \$102.5 million to \$250 million for a single regional health organization project. Additionally, HB 268 would increase the total funding for regional health organizations to \$500 million. He listed individuals available online to testify.

[9:26:19 AM](#)

Co-Chair Johnston requested a fiscal note review.

MYRON DOSCH, CHIEF FINANCIAL OFFICER, UNIVERSITY OF ALASKA (via teleconference), shared that the University of Alaska supported the bill and had previously submitted a letter of

support. He spoke to the benefits of the bill if the university were to use the mechanism to obtain credit through the bond bank. For example, a \$50 million bond over 30 years at interest rates as of March 5 would provide a benefit of about \$50,000 per year or \$1.5 million over the life of the bond.

[9:27:55 AM](#)

DEVEN MITCHELL, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL BOND BANK AUTHORITY, DEPARTMENT OF REVENUE (via teleconference), reviewed the fiscal note from the Department of Revenue, OMB Component Number 121. The fiscal note included a "not to exceed" amount for the activity that could be generated by the proposed legislation. He explained that the bond bank had a floor of annual expenditures and expenditures increased as lending activity took place. He elaborated that there was a not to exceed amount rather than a budget the bond bank fully expected to expend during a fiscal cycle. The authorization for up to \$360,000 per year would be directly related to any additional lending activity undertaken by the bond bank as a result of making additional loans to the university or regional health organizations. He furthered they would be provided for out of cost of issuance accounts that were funded from the proceeds of the bond issuance. He elaborated that they would be incorporated into the interest expense the borrower would be repaying. Program receipts, not general fund receipts, would provide for the potential annual expenditure.

[9:29:43 AM](#)

Representative Josephson asked the bill sponsor to provide a hypothetical scenario relative to a regional health organization's use of the bill.

Representative LeBon complied. He relayed that a number of projects were in the design or developmental stage. He used a hypothetical small regional health organization in Cordova (one of the locations for a potential project) as an example. The organization would go through its period of underwriting and showing justification for the project and would seek assistance from the Alaska Municipal Bond Bank. The bond bank would help in showing the repayment ability, the capacity to perform. The bond bank would work with stakeholders, potential clients, and potential users in

surrounding communities that would benefit from the regional health organization. He detailed that it would all need to come together in a way that justified the project to a level where bond purchasers were interested in supporting the project. It would be necessary to show capacity to repay and establish the need and clientele base. The idea would be to enable a regional health organization to have a one-stop shop with the bond bank instead of going out to find two or three other partners.

Co-Chair Johnston noted that Luke Welles from the Alaska Native Tribal Health Consortium was available online.

Representative LeBon replied that Mr. Welles could answer Representative Josephson's question.

Co-Chair Johnston asked if Mr. Welles had anything to add.

LUKE WELLES, CHAIRMAN, ALASKA NATIVE TRIBAL HEALTH CONSORTIUM, (via teleconference), replied that Representative LeBon had provided a good answer. He explained that the bill offered another financing option for the projects. He elaborated there were five upcoming joint venture projects that represented about \$700 million in potential construction over the next few years. The Indian Health Service would cover the cost of operating, maintenance, and staffing after the projects were built. It was incumbent on the regional health organizations to fund the capital infrastructure, which would open up new incoming revenues along with opening up new healthcare facilities in rural Alaska.

Co-Chair Johnston asked Mr. Welles to put his name on the record.

Mr. Welles complied.

[9:32:38 AM](#)
AT EASE

[9:34:29 AM](#)
RECONVENED

Co-Chair Foster MOVED to REPORT CSHB 268(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representative Carpenter OBJECTED. He understood that adding tools to the toolbox is a good thing and that the bond bank staff would make good decisions on how to finance things. However, the bill was asking the committee to accept an increased risk to the state. Under the current circumstances, where the future was unknown, he did not believe it would be prudent to increase the state's risk. He highlighted that no one knew how long the current financial crisis would last. He reasoned that if the discussion had taken place ten years earlier when the state was flush with oil money it may have been a wiser decision. He did not support increasing risk to the state under the current circumstances.

Representative LeBon understood and appreciated the concerns expressed by Representative Carpenter. He saw two immediate benefits of the bill including the opportunity to potentially refinance university debt at a significantly lower rate. He pointed out that the debt already existed. He elaborated that it would be up to the university to seek out the opportunity on a case-by-case basis. He informed the committee that the university held nearly \$300 million in debt. He explained that the bill provided an important potential savings on existing debt. He addressed the regional health organization component and highlighted it was in the state constitution "that we take care of ourselves."

Representative LeBon believed they should take full advantage if the regional health organization concept could be used to deliver primary healthcare services in rural Alaska at a cost savings while providing for improved services. The bill would allow the organizations to access the bond bank for 100 percent of the project instead of seeking out a partner that could ask for a higher interest rate on debt. He explained that when forcing an organization to split the financing among several entities, there was not always parity in the debt pricing. He expounded that the bond bank may be cheaper than another financial institution. He did not want to hamper organizations. He noted that an organization may find a partner that matched the rate, which was great. He concluded that the bill provided an option.

[9:37:46 AM](#)

Co-Chair Johnston shared that she may have been less interested in the bill ten years earlier. She was interested in the bill under the existing circumstances and wanted to see it move forward from committee. She believed all of the tools were needed in the coming year. She would prefer to have the tools with a fiscally responsible organization that would assess risk and take advantage of any forthcoming financing and any stimulus package. She noted that currently "our" federal rate was cut to zero. She considered that she may have been a "no" vote ten years earlier, but she supported the legislation at present.

[9:38:48 AM](#)

A roll call vote was taken on the motion to report the bill from committee.

IN FAVOR: Josephson, LeBon, Merrick, Ortiz, Johnston, Foster

OPPOSED: Carpenter, Tilton

Representative Sullivan-Leonard, Representative Wool, and Representative Knopp were absent from the vote.

The MOTION PASSED (6/2).

There being NO further OBJECTION, CSHB 268(FIN) was REPORTED out of committee with four "do pass" recommendations and four "no recommendation" recommendations and with one new indeterminate note from the University of Alaska and one new fiscal impact note from the Department of Revenue.

[9:39:29 AM](#)

Co-Chair Johnston shared that everything [with the schedule] would be very fluid. She asked for patience and relayed that the agenda would be changed as needed. She felt it was incumbent upon the committee to continue to do its work. She reviewed the schedule for the following meeting.

#

ADJOURNMENT

[9:40:47 AM](#)

The meeting was adjourned at 9:40 a.m.