

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

April 16, 2019

3:12 p.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Co-Chair
Representative Tiffany Zulkosky, Co-Chair
Representative Matt Claman
Representative Harriet Drummond
Representative Geran Tarr
Representative Sharon Jackson
Representative Lance Pruitt

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 89

"An Act relating to the prescription of opioids; relating to the practice of dentistry; relating to the practice of medicine; relating to the practice of podiatry; relating to the practice of osteopathy; relating to the practice of nursing; relating to the practice of optometry; and relating to the practice of pharmacy."

- HEARD & HELD

HOUSE BILL NO. 114

"An Act relating to a workforce enhancement program for health care professionals employed in the state; and providing for an effective date."

- MOVED HB 114 OUT OF COMMITTEE

CONFIRMATION HEARING(S) :

Mental Health Trust Authority Board of Trustees

Ken McCarty - Eagle River

John Sturgeon - Anchorage

- CONFIRMATION(S) ADVANCED

Commissioner, Department of Health and Social Services

Adam Crum - Anchorage

- CONFIRMATION(S) ADVANCED

PREVIOUS COMMITTEE ACTION

BILL: HB 89

SHORT TITLE: OPIOID PRESCRIPTION INFORMATION

SPONSOR(S): REPRESENTATIVE(S) SPOHNHOLZ

03/11/19	(H)	READ THE FIRST TIME - REFERRALS
03/11/19	(H)	HSS, FIN
04/04/19	(H)	HSS AT 3:00 PM CAPITOL 106
04/04/19	(H)	Heard & Held
04/04/19	(H)	MINUTE(HSS)
04/09/19	(H)	HSS AT 3:00 PM CAPITOL 106
04/09/19	(H)	-- MEETING CANCELED --
04/11/19	(H)	HSS AT 3:00 PM CAPITOL 106
04/11/19	(H)	-- MEETING CANCELED --
04/16/19	(H)	HSS AT 3:00 PM CAPITOL 106

BILL: HB 114

SHORT TITLE: MEDICAL PROVIDER INCENTIVES/LOAN REPAYM'T

SPONSOR(S): REPRESENTATIVE(S) SPOHNHOLZ

03/27/19	(H)	READ THE FIRST TIME - REFERRALS
03/27/19	(H)	HSS, FIN
04/04/19	(H)	HSS AT 3:00 PM CAPITOL 106
04/04/19	(H)	Heard & Held
04/04/19	(H)	MINUTE(HSS)
04/09/19	(H)	HSS AT 3:00 PM CAPITOL 106
04/09/19	(H)	-- MEETING CANCELED --
04/11/19	(H)	HSS AT 3:00 PM CAPITOL 106
04/11/19	(H)	-- MEETING CANCELED --
04/16/19	(H)	HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

MIRANDA DORDAN, Intern
Representative Ivy Spohnholz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reviewed HB 89 on behalf of Representative Spohnholz, sponsor.

ROBIN MINARD, Chief Communications Officer
Mat-Su Health Foundation
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 89.

PATTY OWEN, Member, Board of Directors
Alaska Public Health Association
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 89.

BERNICE NISBETT, Staff
Representative Ivy Spohnholz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reviewed HB 114 on behalf of Representative Spohnholz, sponsor.

KEN MCCARTY, MA, LMFT, Director
Discovery Cove Recovery and Wellness Center, LLC
Eagle River, Alaska

POSITION STATEMENT: Testified as appointee to the board of trustees of the Mental Health Trust Authority.

JOHN STURGEON
Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the board of trustees of the Mental Health Trust Authority.

ADAM CRUM, Commissioner Designee
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions as designee for commissioner of the Department of Health and Social Services (DHSS).

LIN DAVIS
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

TINA WILLIAMS
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

KEN HELANDER, Advocacy Director

American Association of Retired Persons (AARP) Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

VINCE BELTRAMI, President
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

DAWN BUNDICK

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

JAN CAROLINE-HARDY

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

BEV GAJARING

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

JENNIFER CUNNINGHAM

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

MARK NELSON

Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

MAUREEN SUTTMAN

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

BECKY SEWELL

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

KAREN CAMERON

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS.

ACTION NARRATIVE

[3:12:19 PM](#)

CO-CHAIR IVY SPOHNHOLZ called the House Health and Social Services Standing Committee meeting to order at 3:12 p.m. Representatives Claman, Drummond, Jackson, Tarr, Zulkosky, and Spohnholz were present at the call to order. Representative Pruitt arrived as the meeting was in progress.

HB 89-OPIOID PRESCRIPTION INFORMATION

[3:12:55 PM](#)

CO-CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 89, "An Act relating to the prescription of opioids; relating to the practice of dentistry; relating to the practice of medicine; relating to the practice of podiatry; relating to the practice of osteopathy; relating to the practice of nursing; relating to the practice of optometry; and relating to the practice of pharmacy."

[Before the committee was the proposed committee substitute (CS) for HB 89, labeled 31-LS0421\U, Fisher, 4/3/19, adopted as the working document on 4/4/19.]

[3:13:29 PM](#)

MIRANDA DORDAN, Intern, Representative Ivy Spohnholz, Alaska State Legislature, reviewed HB 89 on behalf of Representative Spohnholz, sponsor. She said the bill would mitigate the opioid public health epidemic that Alaska is currently facing. The bill would do this by increasing patient awareness of opioid dependence and addiction before the patient receives an opioid prescription. She paraphrased from the following written sectional analysis included in the committee packet, which read [original punctuation provided]:

Section 1. Bill Name is Opioid Addiction Risk Disclosure. Legislative Findings hold that The State has a moral, financial, and public health interest in reducing opioid and heroin addiction in Alaska. There

has been a copious amount of medically document evidence that shows that opioid prescription drugs are addictive and can create issues for patients

Section 2. Amends AS 08.36.070 Duties of Opioid Prescribing Dentists: Inform patients, in provider's "own words", of potential addiction dangers from extended opioid use; and any reasonable treatment alternatives, if they exist, to the recommended opioid prescription; distribute Department of Health and Social Services short handout on some potential dangers.

Regulations/Enforcement of Bill: Board power to consider discipline for dentists who "habitually" violate bill requirements; potential board discipline, but no additional legal civil liability cause of action created by bill, to protect against hostile legal relationship between patient and provider.

Section 3. Amends AS 08.64.101(a) Duties of Opioid Prescribing Medical, Osteopathy and Podiatry Providers: Inform patients, in provider's "own words", of potential addiction dangers from extended opioid use; and any reasonable treatment alternatives, if they exist, to the recommended opioid prescription; distribute Department of Health and Social Services short handout on some potential dangers.

Regulations/Enforcement of Bill: Board power to consider discipline for medical, osteopathy and podiatry providers who "habitually" violate bill requirements; potential board discipline, but no additional legal civil liability cause of action created by bill, to protect against hostile legal relationship between patient and provider.

Section 4. Amends AS 08.68.100(a) Duties of Opioid Prescribing Registered Nurses: Inform patients, in provider's "own words", of potential addiction dangers from extended opioid use; and any reasonable treatment alternatives, if they exist, to the recommended opioid prescription; distribute Department of Health and Social Services short handout on some potential dangers.

Regulations/Enforcement of Bill: Board power to consider discipline for registered nurses who "habitually" violate bill requirements; potential board discipline, but no additional legal civil liability cause of action created by bill, to protect against hostile legal relationship between patient and provider.

Section 5. Amends AS 08.72.050 Duties of Opioid Prescribing Optometrists: Inform patients, in provider's "own words", of potential addiction dangers from extended opioid use; and any reasonable treatment alternatives, if they exist, to the recommended opioid prescription; distribute Department of Health and Social Services short handout on some potential dangers.

Regulations/Enforcement of Bill: Board power to consider discipline for registered optometrists who "habitually" violate bill requirements; potential board discipline, but no additional legal civil liability cause of action created by bill, to protect against hostile legal relationship between patient and provider.

Section 6. Amends AS 08.80.030(b) Duties of Opioid Prescribing Pharmacists: Inform patients, in provider's "own words", of potential addiction dangers from extended opioid use; and any reasonable treatment alternatives, if they exist, to the recommended opioid prescription; distribute Department of Health and Social Services short handout on some potential dangers.

Regulations/Enforcement of Bill: Board power to consider discipline for registered pharmacists who "habitually" violate bill requirements; potential board discipline, but no additional legal civil liability cause of action created by bill, to protect against hostile legal relationship between patient and provider.

Section 7. Inserts a new paragraph in AS 47.37.040 under subheading (24) that creates a visual aid for providers to hand out to patients when they are being prescribed opioids. This handout will provide easily understandable and concise information on opioids,

including the inherent addictive and harmful qualities of opioids. This visual aid also will also provide information on opioid statistics specific to Alaska.

3:15:19 PM

REPRESENTATIVE JACKSON inquired how HB 89 provides that doctors would be held accountable.

CO-CHAIR SPOHNHOLZ replied the bill would allow each of the governing boards that oversee the practicing providers to develop and enforce the regulations as the boards see fit.

3:15:55 PM

CO-CHAIR SPOHNHOLZ opened public testimony on HB 89.

3:16:23 PM

ROBIN MINARD, Chief Communications Officer, Mat-Su Health Foundation, testified in support of HB 89. She noted the foundation shares ownership in the Mat-Su Regional Medical Center in Wasilla and Palmer, and that the foundation's share of the profits are invested back into the community to improve the health and wellness of residents. She continued:

Along with community partners the foundation conducted a community health needs assessment and it included data analysis, public polling in 24 community forums as well as an online forum. Our community ranked alcohol and substance abuse as the number one health issue in Mat-Su.

In response to that we completed a behavioral health environmental scan, and this was a multi-year project that resulted in three reports and numerous recommendations. One of those recommendations was adoption of strict guidelines for prescribing narcotics. The Prescription Drug Monitoring Program is helping a lot in that arena and HB 89 builds upon a safer prescribing environment by ensuring that prescribers educate patients about the dangers associated with opioids.

There were 10 opioid related overdose deaths in Mat-Su in 2018 and 114 deaths statewide. That means 114 families lost a child, a father, a mother, a brother,

or a sister. Even one death is too many, especially when it is entirely preventable. Many individuals addicted to heroin were first exposed to opioids as a result of legally written prescriptions for pain management. They may have made different choices had they known that the drug prescribed by their doctor was highly addictive. People occasionally do need assistance dealing with pain, but when they do, they should be fully informed about the potential dangers of opioids.

The impact of drug abuse goes beyond the tragic and unnecessary loss of life and devastated families. A 2015 report from the Alaska Mental Health Trust Authority stated that the estimated cost of drug abuse to the Alaska economy totaled \$1.22 billion. Included in that figure are productivity loss, traffic collisions, criminal justice and protective services, health care, and public assistance and social services. These costs are borne by state and local governments, employers, and residents of Alaska. The devastation to our communities being done by opioids must end. We believe that HB 89 will help bring that end.

[3:19:12 PM](#)

PATTY OWEN, Member, Board of Directors, Alaska Public Health Association, testified in support of HB 89. She said the association is a membership organization of about 150 health professionals and community members statewide that are dedicated to improving "the health and wellbeing of Alaska's public health." The association is an affiliate of the national American Public Health Association. The association supports HB 89 and subscribes to the multi-pronged approach of the Centers for Disease Control and Prevention (CDC) in opioid use and abuse prevention, which includes better prescribing practices, supporting the Prescription Drug Monitoring Program, and expanded use of naloxone. She is here today to support patient education and education in general for providers and the public. Additionally, the association supports public education in terms of media campaigns and education in schools and communities.

[3:21:09 PM](#)

CO-CHAIR SPOHNHOLZ closed public testimony and held over HB 89.

HB 114-MEDICAL PROVIDER INCENTIVES/LOAN REPAYM'T

[3:21:25 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 114, "An Act relating to a workforce enhancement program for health care professionals employed in the state; and providing for an effective date."

[3:21:37 PM](#)

BERNICE NISBETT, Staff, Representative Ivy Spohnholz, Alaska State Legislature, reviewed HB 114 on behalf of Representative Spohnholz, sponsor. She said HB 114, also known as "SHARP-3," would establish the Health Care Professionals Workforce Enhancement Program to address the shortage of health care professionals in Alaska. These professionals will work with eligible employers for three years in areas where health care shortages are occurring and can choose to do the loan repayment route, the direct incentives route, or both. Employers will fully fund SHARP-3 without any state general funds. SHARP-2 will sunset June 30, 2019, and SHARP-3 would proceed and take effect July 1, 2019.

[3:22:40 PM](#)

CO-CHAIR ZULKOSKY moved to report HB 114 out of committee with individual recommendations and attached fiscal notes. There being no objection, HB 114 was reported from the House Health and Social Services Standing Committee.

[3:22:59 PM](#)

The committee took an at-ease from 3:22 p.m. to 3:26 p.m.

CONFIRMATION HEARING(S) :

Mental Health Trust Authority Board of Trustees

[3:26:11 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be the confirmation hearing for appointees to the board of trustees of the Mental Health Trust Authority ("Trust").

CO-CHAIR SPOHNHOLZ invited Mr. Ken McCarty, appointee, to introduce himself and describe his interest and qualifications for serving on the board.

[3:26:43 PM](#)

KEN MCCARTY, MA, LMFT, Director, Discovery Cove Recovery and Wellness Center, LLC, testified as appointee to the board of trustees of the Mental Health Trust Authority. He said he is a licensed marriage and family therapist. In the past he has served as president of the Alaska Association of Marital Family Therapists, has served five years as a member of the State of Alaska Marital Family Therapy Licensing Board, and has served as secretary for the Alaska Associations of Telemedicine and Teletherapy. He is involved throughout Alaska in doing work with opiates, psychotherapy, and psychiatric services. He thanked the committee for its work on HB 89. He said he is very interested in what the Mental Health Trust Authority is all about and what it is doing for the community, and would like to contribute as a board member to help people in Alaska, programs that are effective, and innovative ways to help in the future.

[3:28:12 PM](#)

CO-CHAIR SPOHNHOLZ asked what inspired Mr. McCarty's application to the Mental Health Trust Authority board.

MR. MCCARTY replied he has seen several things happening in the state that he thinks could be done differently. There are challenges with the Alaska Psychiatric Institute (API) as well as other aspects throughout the state. He would be honored to bring in some thoughts in this regard and to provide input on how to fund different and creative ideas. For example, in November 2018 he had a hip replacement done in Costa Rica for about 80 percent less than what it costs in Alaska. He was astounded that no opiates were used at all for dealing with pain and he was working on his computer the afternoon after surgery with full cognitive functioning. This kind of thinking outside the box to help people could also be done for mental health and he would like to contribute to that process.

CO-CHAIR SPOHNHOLZ inquired about what things the Mental Health Trust Authority could be doing differently.

MR. MCCARTY responded that the Mental Health Trust Authority is involved in the funds to help with programs. One of the two components in the Trust is property and funding that comes from the property that feeds to the Trust. That is highly audited to ensure that the funds appropriately go to programs, and the programs themselves are audited to ensure that they are being

used appropriately. The different agencies are being respected when they say the funds really are going to help beneficiaries. So, on the financial side - auditing on the money coming in as well as the money going out to programs to ensure the most bang for the buck. On the program side - looking at the innovative things that are being found today. For example, in 2009 doing opiate treatment using buprenorphine was highly minimized, if not loathed upon, by agencies throughout Alaska. In 2011 the theme at an addiction conference was medication-assisted treatment and a third of the regular conference attendees did not attend because they did not believe in that means of treatment. Yet today, medication assistance is found to be one of the most effective ways of treating opiate addiction. Being open minded about different ways that could be used to help people with mental health issues. A current example is strong data collection that shows mental health is related to nutrition issues and being open to exploring such avenues in Alaska.

[3:32:27 PM](#)

REPRESENTATIVE TARR asked whether Mr. McCarty is still working in the field of marriage and family therapy with the Alaska Association of Marriage and Family Therapists or whether his focus has changed in the past few years.

MR. MCCARTY answered he served in the voluntary positions of president for three years and board member for a total of about six years of the Alaska Association of Marriage and Family Therapists. The association disbanded about two years ago when the national association took on a different format for the different divisions throughout the country.

REPRESENTATIVE TARR inquired whether Mr. McCarty is a direct service provider in his present employment with Discovery Cove Recovery and Wellness Center.

MR. MCCARTY replied yes.

REPRESENTATIVE TARR asked whether as a direct service provider Mr. McCarty would have any conflicts of interest because of the ways in which the Mental Health Trust Authority awards grants. She surmised grants are awarded at the level of program officers rather than at the level of board members, but further inquired whether there could be real or perceived conflicts of interest.

MR. MCCARTY responded he is the owner and executive director of Discovery Cove Recovery and Wellness Center, a for-profit mental

health agency. The center's main format has been fee for service, although the center just applied for a federal grant for telemedicine for opiate addiction throughout the state. If something came up, he would have to recuse himself if necessary.

REPRESENTATIVE TARR offered her appreciation for Mr. McCarty's answer and related that this issue had been brought to her attention as a concern. For example, if Mr. McCarty's business takes Medicaid there could be concern for conflict of interest if any changes are proposed to Medicaid. There would be the benefit of having a direct service provider involved, but it must be assured that there are no issues in that grey area.

MR. MCCARTY indicated he does not want to have the appearance of doing something wrong. He pointed out that the decision for where a Medicaid beneficiary would receive treatment isn't determined by the trust or trustees, so at this point he doesn't see a conflict if someone on Medicaid were to choose to come to Discovery Cove. He stated his appreciation for the involvement of Representative Tarr and other committee members with Senate Bill 105, which allowed marriage and family therapists to be able to provide Medicaid services.

[3:37:17 PM](#)

JOHN STURGEON testified as appointee to the board of trustees of the Mental Health Trust Authority. He said that in the past he worked for the U.S. Forest Service and the State of Alaska [Division of Forestry], and he currently works for Concor Forest Products, Ouzinkie Native Corporation, and has his own import/export business of wood products. He served on the Pacific Northwest Medical University's board of trustees, a university that trains doctor generalists to go to rural areas in the five northwest states including Alaska. Prior to that he was on their regional advisory committee. [Currently] he is on the boards of the Resource Development Council and the Alaska Forest Association.

MR. STURGEON said he is interested in serving on the board of trustees for the Mental Health Trust Authority for several reasons. He has a special needs daughter, so he is familiar with the services provided to the mental health recipients. He has been interested in mental health for quite a while, especially given all the opioid and homeless problems around the state. His greatest asset that can be helpful to the Trust is that he has been in the resource development and land management fields for almost 49 years in Alaska. The Mental Health Trust

Authority has a lot of assets, 2 million acres, and most recently completed a trade with the U.S. Forest Service to secure some very good timberlands that the Trust plans on selling.

[3:39:38 PM](#)

REPRESENTATIVE CLAMAN noted that Mr. Sturgeon's volunteer work has been in mental health and his professional work has been in lands and forestry. He recognized there is a lot of land and asset management where Mr. Sturgeon's lands and forestry experience would be an asset to the board. He inquired how Mr. Sturgeon would transition into the essential function of the board in terms of providing support for mental health services and the people who need those services.

MR. STURGEON allowed there is no question that it is going to be a learning process because it is a world, he is interested in but has not lived in. While not on the board yet, he has been attending all the meetings, has gone to a couple debriefings, and he will be in all-day meetings tomorrow and the next day, as well as a coming two-day board meeting in Fairbanks. He is learning a lot about what the Trust does and what the issues are. If he is confirmed to the board, he will have had a week or more of training and materials to read. His greatest asset will be to help the board generate revenue from the lands the Trust has, and he is very interested in providing mental health services to people across Alaska.

REPRESENTATIVE CLAMAN described the Trust as being independent with some degree of legislative oversight of the spending. He said his general view is that the Mental Health Trust Authority is really independent of the executive branch and needs to make independent decisions about what it thinks are in the Trust's best interest, including the folks that the Trust is supposed to be serving. He requested Mr. Sturgeon to provide his view in terms of the independence of the Trust and the board's duty to maintain that independence to the extent that that may or may not coincide with priorities of either the governor or the legislature.

MR. STURGEON answered that that was made very clear at the orientation. He understands it was set up to be an independent organization and that it can make decisions irrespective of what the state is doing and be able to focus on what the board of trustees thinks are the priorities across the state, not necessarily the governor or the legislature. The Trust is an

independent body to help solve the mental health issues across Alaska.

[3:42:50 PM](#)

REPRESENTATIVE JACKSON congratulated Mr. Sturgeon on his victories with the supreme court. She said Mr. Sturgeon has the diligence that is needed for such a major board in the state. She asked how old Mr. Sturgeon's daughter is.

MR. STURGEON replied she is 18, just graduated from high school, and is going through some special needs training to give her employment in the workforce.

[3:43:51 PM](#)

REPRESENTATIVE TARR noted that her preference would be for individuals on the board with direct professional experience in public health, mental health, and substance abuse. The Trust has a professional lands office that should have qualified individuals to help with the decisions there. This has been a point of contention that resulted in staff changeover in the last few years and the management of the Trust and the direction it is going. Perhaps, though, Mr. Sturgeon's family experience would add a unique perspective of the services provided. She requested Mr. Sturgeon to provide more background on how his personal experience would help the board.

MR. STURGEON clarified it is his granddaughter, not daughter, who is a special needs child. He said he understands Representative Tarr's position and although it is one of the qualifications, one of the categories is that they wanted someone in land management. He is very well qualified for that after 50 years in Alaska. It is something he is interested in since he has followed his granddaughter's development through school and the programs she has gone through. His family has been a victim of drug abuse through thefts. He is interested in Alaska's homeless problem. Due to his interests he has done a lot of reading and has embraced the training he has recently received. He is the first to admit that he doesn't have the qualifications like some of the others on the board, but he does have the perspective of land management, timber, and generation of revenue.

[3:47:07 PM](#)

REPRESENTATIVE TARR said she wants to ensure a trauma informed approach, that rehabilitation is believed in, and that people get second chances. The punitive approach has failed people in significant ways, especially if addiction is looked at as a health issue, not a lifestyle choice, which is supported by science. It is important to her [that Mr. Sturgeon] knows about these things. She asked whether Mr. Sturgeon thinks that is the right direction.

MR. STURGEON responded that he does. He noted that opinions are formed by personal experiences and that a year ago while working out at the gym he returned to his locker to find the lock cut off and his clothes, wallet, and car keys gone, and his new truck stolen. When his truck was recovered later that evening there were hypodermic needles and drugs in it. The person who stole the truck was a former Marine who had gone to college. This made him think about what that person went through to be a Marine, go to college, and suddenly have a drug problem. Prior to stealing the truck this person had charges against him for writing bad checks. He has been following this person through the court system and a court requirement before trial was to go to a rehabilitation center. The rehabilitation and help from this person's family has been heartening, and it is this personal experience that has motivated him to see if he can help other people.

REPRESENTATIVE TARR offered her appreciation for Mr. Sturgeon's answer and said it underscores where she was going with her aforementioned question.

[3:51:02 PM](#)

CO-CHAIR SPOHNHOLZ stated that given his background, Mr. Sturgeon's appointment to the board of trustees was confusing to her. She expressed her appreciation for Mr. Sturgeon's description of his experiences and what he has learned since joining the board. She noted the Mental Health Trust Authority board has had some governance challenges in recent years. Some members of the board believed that they could do a better job investing resources than was allowed by statute and operated outside of statute in doing some investments that are supposed to be handled a different way. Legislative Budget & Audit came out with a report that was fairly scathing regarding the governance procedures of the Mental Health Trust Authority. Under [new CEO] Mike Abbott there have been some changes and new training. She requested Mr. Sturgeon to describe what he has learned about the governance responsibilities of the board.

MR. STURGEON answered that Mike Abbott took several hours to explain the problem that was had, why the board went the direction that it did, and why it was a problem. It may not be totally done yet because the Mental Health Trust Authority owns some land and there is some management work that has to be done. There was a review of what the Trust can and cannot do as well as what the procedures are for what money can and cannot be spent. It seems like all the other board members and staff are committed to making sure that what happened before is not going to be a problem in the future.

CO-CHAIR SPOHNHOLZ requested Mr. Sturgeon to describe the next steps for reconciling the assets that need to be moved.

MR. STURGEON replied the Trust is still working on that. He cannot vote yet, but there was discussion at the last meeting about properties the Trust must get rid of and some things that must be changed and options for resolving those problems were given. At the May 8-9 meeting the board is going to decide which options to go with. Management did a wonderful job of saying this was not handled properly and providing three or four ways that it could be fixed. Board members have had a fair amount of time to think about the options presented by the management to solve the problem and get back on track again.

CO-CHAIR SPOHNHOLZ requested Mr. Sturgeon to describe any other education he has undertaken to get up to speed on the big challenges that the Mental Health Trust Authority is facing to serve its beneficiaries.

MR. STURGEON replied he was on the Pacific Northwest Medical University's board of trustees for several years and prior to that he was on the advisory committee. As part of the trustees' orientation the meetings involved field trips to different facilities, including mental health facilities. He has done a lot of self-education and reads every chance he gets; for example, reading about trying to solve the homeless problem.

CO-CHAIR SPOHNHOLZ inquired about the medical programs offered by the university.

MR. STURGEON responded that the main purpose of this relatively new university out of Yakima [Washington] is to produce doctors to serve in rural or underserved areas in the five northwest states. These doctors are meant to be general practitioners who cover everything. For example, they could go to Wrangell or

Bethel and as the only medical help in the town they would also have to take care of the mental health issues. The university produced about 85 graduates this year.

[3:57:19 PM](#)

CO-CHAIR SPOHNHOLZ offered her understanding that Pacific Northwest University of Health Sciences provides education in [Doctor of Osteopathic Medicine (DO)].

MR. STURGEON answered correct.

CO-CHAIR SPOHNHOLZ asked how many of the university's students are from Alaska.

MR. STURGEON replied he resigned from the board last year, but he thinks four or five Alaskans were in the last graduating class. Two graduates are currently serving in Kodiak. The university would like to have more students from Alaska.

REPRESENTATIVE CLAMAN commented that a close family friend is currently a first year medical student at the university.

MR. STURGEON responded that it is a great university.

[3:58:38 PM](#)

REPRESENTATIVE TARR noted that timber harvest for generating monies can be controversial and result in litigation. She noted that logging on [University of Alaska] lands generates income in 30-40 year intervals. She asked whether Mr. Sturgeon has ideas outside of timber harvest on Trust lands for generating sustainable revenue on an annual basis.

MR. STURGEON answered that when originally selecting lands, the university chose a lot of land located near communities, probably for real estate development. But when the university went to harvest timber on those lands it was in everybody's backyards. So the university traded lands with the U.S. Forest Service via bills passed by Congress and selected lands that were less controversial to harvest. The rotation age for timber in Alaska is 80-90 years. It should be remembered that there are peaks in revenue; for example, in looking at the "permanent fund" for the Mental Health Trust Authority, spikes will be seen where \$2-\$3 million in cash went into investment and those spikes came from timber harvests. In that way it is permanent because the funds are invested and the permanent fund for the

Trust is increased. Regarding other lands, there is a lot of opportunity for leasing and also opportunities for mining from the lands that were chosen for that potential. Currently funds are being received from a mine near Fairbanks and there is potential for mining in Icy Bay. Adding mining funds to the permanent fund increases the amount of earnings each year for passing out to the Trust's clients. There are lands near Anchorage that can be leased. So there is much potential for making a lot of money from the lands that the Trust already has.

REPRESENTATIVE TARR related she lives a stone's throw from one of those properties and people watch closely for signs that it is going to be developed. She recalled a presentation by Sealaska in the House Resources Standing Committee in which the corporation said that in addition to its timber management plan it was also talking about the new opportunities for financial rewards of having a carbon sink. She suggested there could be places where the Mental Health Trust Authority could benefit from that, which would be good environmentally as well as financially for the Trust.

MR. STURGEON replied he is very familiar with the carbon credit program. It is a very complicated program and is something with which he could help the Trust because he has worked on several of those projects.

CO-CHAIR SPOHNHOLZ recalled from a House Resources Standing Committee hearing that Sealaska is using carbon credits as a way to monetize properties that it is choosing not to develop for other reasons.

[4:05:01 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony. She closed public testimony after ascertaining no one wished to testify.

[4:05:23 PM](#)

CO-CHAIR ZULKOSKY moved to advance the confirmations of Ken McCarty and John Sturgeon, appointees to the board of trustees of the Mental Health Trust Authority, to a joint session for consideration. She reminded the committee that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and the nominations are merely forwarded to the full legislature for confirmation or rejection. There being no objection, the confirmations were advanced.

[4:05:52 PM](#)

The committee took an at-ease from 4:05 p.m. to 4:07 p.m.

Commissioner, Department of Health and Social Services

[Includes discussion of HB 135.]

[4:07:47 PM](#)

CO-CHAIR SPOHNHOLZ announced that the final order of business would be continuation of the confirmation hearing of Mr. Adam Crum, designee for commissioner of the Department of Health and Social Services.

[4:08:21 PM](#)

CO-CHAIR ZULKOSKY recalled that during the 4/13/19 confirmation hearing for Mr. Crum, the commissioner designee stated that there was no intention to change any support for the continuation of Medicaid expansion. Introduced yesterday by the governor was HB 135, which would turn back the authorizations and support for Medicaid expansion. She asked the commissioner designee to reconcile this change in position.

[4:08:58 PM](#)

ADAM CRUM, Commissioner Designee, Department of Health and Social Services (DHSS), replied HB 135 would provide "tools to grow and provide for the expansion population so they can actually increase their economic prosperity and we can provide for them, so they don't have to face the fiscal cliff. ... The idea ... behind this was open transparency to align with the [Alaska Supreme Court] decision so that the legislature understood where this stood on this process." He said he looks forward to discussing this further throughout the subcommittee process. The Department of Law (DOL) is drawing up a statement for legislators that will provide further explanation. It is not the intent to cancel out the eligibility for the Medicaid expansion population.

[4:09:59 PM](#)

CO-CHAIR ZULKOSKY observed that [Section 2, subsection (a)] of HB 135 states that the department is not required to cover individuals who are eligible for medical assistance under this

section as a result of the expansion authorized by the Patient Protection and Affordable Care Act, which the committee often refers to as Medicaid expansion. She recalled that the commissioner designee's comments on 4/13/19 were in support of continuing Medicaid expansion because of the recognition of the federal funding and investment and how that propels Alaska's economy and how that protects the health of Alaskans. She asked how the commissioner designee feels such a stark turn of position within a matter of days from his testimony on 4/13/19 to yesterday's introduction of this bill can be rectified.

COMMISSIONER CRUM responded that the intent of HB 135 is not to actually remove any care or treatment for the Medicaid expansion population. The particular line referenced is a clarification to show that it matches the [Alaska] Supreme Court as being an option. There will be some more discussion to ensure there are no legal issues or unintended consequences through this. The main idea through this is to make sure that opportunities are had for these individuals. [For example,] he has previously had employees who turned down a raise because they would no longer qualify for benefits with the raise, which is a rational economic thought. In his talks with legislators there has been a lot of concern for this fiscal cliff. So how could a glide path be provided for these individuals? This bill would provide tools so options could be explored to move forward so if this population does grow [DHSS] can still provide care and the Medicaid would be a secondary payer for services like substance use disorder (SUD) training, behavioral health, and other things now provided in the private marketplace.

[4:12:15 PM](#)

CO-CHAIR ZULKOSKY said she didn't hear an answer but appreciates the commissioner designee's attempt. She stated that Medicaid expansion has provided a significant amount of investment in Alaska as it relates to behavioral health services and Medicaid is the lead funder of addiction treatment in a time of opioid crisis. Given Medicaid expansion could potentially be destabilized through HB 135, she asked the commissioner designee to talk about what he sees as Medicaid's role in addressing the opioid epidemic or other behavioral health issues.

COMMISSIONER CRUM answered that it would continue the exact same way as it is now, proceeding with the Medicaid Section 1115 Behavioral Health Waiver Demonstration Project ("Section 1115 Waiver") that DHSS has approved for the SUD treatment. As well, funding mechanisms would continue for the Section 1115 Waiver

for behavioral health so that mild and moderate issues can be treated upfront. The Medicaid would act as a secondary payer for that process. This is going to be a long process of working together to make sure. The department's full intent in discussions with the Centers for Medicare & Medicaid Services (CMS) is to ensure that that level of stability is maintained.

[4:13:53 PM](#)

CO-CHAIR ZULKOSKY related that an analysis of the cost savings to Alaska's general fund as a result of Medicaid expansion shows that between fiscal years 2016 and 2019 behavioral health services within the division have seen an offset of \$23 million with an additional \$10.5 million projected through 2020. She stated she is disappointed to see that within a matter of days of having a conversation with the commissioner designee about his support of Medicaid expansion that there would be such a significant policy shift without any collaboration in terms of moving forward. It gives her pause about his ability and readiness to advocate to the governor to uphold the mission of the department given all of the complex health policies that are in front of the division. She said she would leave conversation about the policy of HB 135 to a future date.

COMMISSIONER CRUM replied that this is going to be a long process. He said his intent has not changed since 4/13/19; [the bill] is to maintain the Medicaid population, to allow a tool in the mechanism for growth, and to maintain available assets so [DHSS] can actually treat using the waiver system that it is working towards. Bringing forth HB 135 provides an opportunity to have open discussions on this and he looks forward to working with the co-chair on this to address these issues to make sure it is the right path for Alaska.

CO-CHAIR SPOHNHOLZ maintained that HB 135 suggests restructuring the way Alaska provides care to the Medicaid expansion population. She said it doesn't describe how a step down would be provided for people who would be moving out of eligibility for Medicaid expansion. She thinks of a glide path as being something that prevents a person from falling off the cliff of losing all health insurance when he/she no longer qualifies for Medicaid expansion. She doesn't think of a glide path as taking out the supports from underneath someone before he/she even gets to the cliff.

COMMISSIONER CRUM responded he agrees 100 percent on that. He said the main intent of this and some of the tools is to ask for

permission for DHSS to continue to go after these waivers to build this program to make sure that these individuals are supported before they actually lose these benefits.

CO-CHAIR SPOHNHOLZ related that she and Co-Chair Zulkosky were surprised to see something as expansive as HB 135 dropped without getting any heads up. She noted the bill includes a provision that would allow the department to implement emergency regulations to cut rates without the opportunity for provider comment. She inquired whether the commissioner designee has consulted with the provider community and community partners about how these proposals would impact them.

COMMISSIONER CRUM answered that [DHSS] has not yet started the consulting process. This is the opening, the information is now out, and these issues can now be addressed. The emergency regulations in the bill are related specifically to this act, which is an order for [DHSS] to speed up this process. If these waivers are received, the intent is any regulatory changes necessary on the side [of DHSS].

CO-CHAIR SPOHNHOLZ noted that the nurse hotline is included in HB 135. She related that when presenting the [proposed] Medicaid Phase One reductions to the Health & Social Services Finance Subcommittee this year, DHSS staff said that the department did not need legislation to implement the proposed Phase One changes. She asked what changed the minds of [the commissioner designee and his staff].

COMMISSIONER CRUM replied that depending on the budget received from the legislature and the savings areas involved, DHSS could use dollar savings in order to save some of this. If the full proposal that DHSS presented moving forward were to be approved, then DHSS would need this budgetary ask to implement those items.

CO-CHAIR SPOHNHOLZ advised that, typically, dropping a piece of legislation on roughly day 92 of the legislative session without any consultation is a recipe for not getting the bill passed because there is no way to get through this level of substantive content in this amount of time. She said she does not take lightly the kinds of proposals made in this bill as they are going to have broad sweeping changes. If the proposals are good, then they warrant the time to engage with the provider community to understand properly how to implement them. For example, earlier today she decided to set aside a fairly small bill for a couple of days to ensure she addressed a concern that

the provider community had. She further advised that the scope of what HB 135 proposes is not even technically possible to get done in this amount of time unless the whole provider community was lined up in lockstep behind the department.

[4:19:20 PM](#)

CO-CHAIR ZULKOSKY asked what the largest number of employees is that the commissioner designee has personally supervised.

COMMISSIONER CRUM responded he has directly supervised 20 employees.

CO-CHAIR ZULKOSKY noted that a person might directly supervise a certain number of employees and that those employees might directly supervise other individuals. She asked whether there is a broader team that the commissioner designee can speak to on a total number of people that he has lead in an organization.

COMMISSIONER CRUM answered 75 employees and said the company had offices in a couple states.

CO-CHAIR ZULKOSKY pointed out that the Department of Health and Social Services has more than 3,000 employees across the state. She noted there is a big need to travel around, as was previously mentioned by the commissioner designee, because many of these employees are working in diverse communities and handling diverse programs. She requested the commissioner designee to explain how his management experience qualifies him to lead a department of this size and scope.

COMMISSIONER CRUM replied that coming from a background of doing organizational development strategic leadership, a manager knows that not much more than eight individuals can be effectively managed unless they are incredibly high functioning individuals. So, he said, the goal is to set up an organization in which a manager has great deputies that manage the tier below them, and that tier manages the tier below them. The organizational leadership comes from the top. It's the vision a manager works through, creating the employee buy-in, and the inspiration aspect, so it is a scalable function across the board. He ran and worked large projects with 20 direct employees, but if talking large-scale projects it added up into the thousands; it is a matter of semantics when it comes towards that. What the leadership ability comes from is management at that scalable aspect.

4:21:29 PM

REPRESENTATIVE TARR stated that this is hard for her because clearly the commissioner designee would bring a lot of energy to the position, but he doesn't really have a public health background or a direct health care or health policy background. While she is trying to be open minded, she is challenged because this is coming during an administration that she believes is going in the wrong direction regarding the health of Alaskans. She cannot separate the commissioner designee from what she sees as heading in the wrong direction. She is troubled that these conversations start with just looking for every opportunity to cut costs when her vision is about how to improve health. While it happens more slowly than is wanted, successfully improving health always reduces cost and she would be more comfortable if that was the view [of the administration]. [Legislators and state employees] get to benefit from state paid insurance and she doesn't see anyone in the room giving up their health insurance. Yet needy Alaskans who also have state covered health insurance have much more difficulty in actually finding access to that service and it seems as if these people are being beaten down like they've done something wrong while they really haven't. It is the fact that health care costs are astronomical and barely anyone can afford them, unless lucky enough to have a job with good health insurance [as do the people in this room]. Going in the direction of only seeing people by dollar signs is troubling because she is so motivated to improve the health of Alaskans. The commissioner designee is a hard worker, but the direction and the vision are challenging for her.

4:24:14 PM

COMMISSIONER CRUM responded he 100 percent agrees, which is why any solution that is put forward will continue to work with the department's current ongoing Section 1115 Waivers. The goal of the waivers is to shift the dollar spend from one end of the spectrum to the other to provide mechanisms to treat the mild and moderate and not always just pay for the severe. The goal is to do family resiliency. A DHSS employee is being sent for the federal Family First Prevention Services Act and how can Title IV-E dollars be spent for getting some mental health training and for licensed marriage family therapists to address family issues. The timing of HB 135 is unfortunate, but it is going to be a long-term process of addressing this together and always keeping in mind that [DHSS] is going to continue working down this path of providing this access. Other items proposed by DHSS, like diagnosis-related groups (DRGs), are a move

towards a value-based system to make sure there are improved health outcomes for the dollars spent.

[4:25:19 PM](#)

REPRESENTATIVE TARR offered her appreciation to the commissioner designee for saying that, but said she doesn't hear that coming from the third floor. Frequently heard is the term "able-bodied individuals," but many people work really hard and yet cannot get ahead because of the economics. Therefore that philosophy troubles her.

COMMISSIONER CRUM said he looks forward to sharing with the committee the information about how this would work for those able-bodied people, so they have a chance to actually get ahead if possible; if not, this is no means of removing them from the program. This is so that as they do grow, they don't have to make that hard decision and [DHSS] can grow along with them.

CO-CHAIR SPOHNHOLZ maintained that that is not what HB 135 says.

[4:26:46 PM](#)

CO-CHAIR ZULKOSKY recognized that the committee asks many hard questions, but said it is because the committee cares a lot about what it is doing. While the committee might be on the opposite side of the table and push forward a lot of hard questions, it is because the committee might have a difference of opinion on how to get from Point A to Point B. Clearly there is a difference of opinion on what HB 135 is actually going to do and how it will impact the Medicaid expansion population in Alaska. Alaska is in a time of challenging and lean budgets. Medicaid expansion brings in \$27 of federal funds for every \$1 of state funds that are spent. She requested the commissioner designee to talk about his plan and vision for ensuring that health coverage for Alaskans continues in a time of challenging budgets.

COMMISSIONER CRUM answered, "Part of our initial discussions with CMS with a plan like this would actually to be to maintain that 90 percent match for that Medicaid expansion population for the paying of their premiums through the individual market as well as the secondary payer aspect."

CO-CHAIR ZULKOSKY commented that if a state match is not put forward to leverage those federal resources, there might not be sustainability of a system at all. She said this appears to be

a way to destabilize the Medicaid program as a whole. It is hard to understand how moving along this path is going to, in the long run, preserve the sustainability of this program.

[4:28:36 PM](#)

REPRESENTATIVE JACKSON commended the co-chairs for being on top of the recently introduced HB 135 and noted she has not yet had the opportunity to review the bill. She said Representative Tarr really cares that everyone needing care is taken care of. Representative Jackson cautioned, however, that she doesn't want to make it look like the people in the administration have anything against a better tomorrow for all Alaska. Noting that Co-Chair Spohnholz put forth a bill that would try to curb the opioid crisis, she asked what is being done with Medicaid to curb the prescriptions that go out.

COMMISSIONER CRUM replied DHSS has a lot of processes through the Medicaid program, such as the Prescription Drug Monitoring Program (PDMP) and working with providers. He said DHSS is working with the pharmacy board about the professional standards because it is this very fine line of individuals in need in pain that have to be managed to over-prescription and how to deal with those issues. The Department of Public Safety, the Office of Drug Control Policy in the governor's office, and DHSS are addressing this ongoing issue to make sure that individuals who do need it can get the proper supply, and that it is controlled thereafter. Providing an alternative means is something that could be explored in the future.

REPRESENTATIVE JACKSON expressed her concern about people having to turn down raises in order to stay on Medicaid benefits and said it goes hand in hand with the step down. Hopefully there is a process for empowering people to grow, while at the same time not dropping overnight the medical benefits that they have. She inquired whether the commissioner designee has any foresight on how to do that or working with businesses in this regard.

COMMISSIONER CRUM responded DHSS is working on that through the levers that it controls. Through this process, part of this waiver would be to find ways to expand the federal poverty level (FPL) so that as they grow, they get a little bit of a subsidy as opposed to just binary yes or no. The department wants to make sure that it can expand along with them. One of the primary goals through this is to make sure that the able-bodied in this population can work, have the opportunity to better themselves, and can take advantage of other programs, such as

vocational training or vocational rehabilitation, to improve their economic lot. That also helps everything across the board with family resiliency to social determinacy of health.

[4:32:26 PM](#)

CO-CHAIR ZULKOSKY reviewed the questions and answers between the committee and the commissioner designee on 4/13/19 in regard to the Alaska Psychiatric Institute (API) and the sole-source contract that the commissioner designee awarded to Wellpath Recovery Solutions ("Wellpath") during the time he had invoked statutory authority for the no bid process. She inquired whether the commissioner designee, in his role as commissioner, would be issuing a competitive request for proposals (RFPs) for Phase Two or the long-term management of API.

COMMISSIONER CRUM responded that when it comes to patient safety and the stability of the facility, options are on the table and [a competitive RFP] could be worth evaluating. As far as his direct answer on Saturday, he said he believes it is actually in procurement's hands at this point, given where it is at in the contract process.

CO-CHAIR ZULKOSKY asked whether the commissioner designee has a plan to return API back to state management once the initial contract term with the private company for this initial phase is over, or whether this move is intended to be a permanent move to privatize API.

COMMISSIONER CRUM answered that at this point there is no plan to move it back into state control if Wellpath meets the key performance metrics; however, it is something worth evaluating.

CO-CHAIR ZULKOSKY stated that that feels a bit oppositional in terms of the commissioner designee being willing to consider a competitive RFP, however there is not an intention to bring it back to state management. But, she added, she also understands that if a competitive RFP were put forward it wouldn't be coming back under state management. She urged that Mr. Crum, in his role as commissioner, use his leadership for such a big complicated issue to put forth a competitive RFP for Phase Two because there are a lot of stakeholders in the state and in the community that are very concerned with how this initial part of the contract came forward.

[4:35:19 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony on the confirmation of Mr. Adam Crum as commissioner of DHSS.

4:36:02 PM

LIN DAVIS testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She said she is a retired state worker and spoke as follows:

Quietly coiling under the governor's chair, a venomous philosophy swells. Human needs as burdens. Common good too burdensome. Under Commissioner Crum's chair quietly coiling. Cuts to Medicaid through block grants. Cuts to senior benefits and no benefits at all for May or June. Cuts to Alaskans who experience chronic mental illness. Cuts to those so ill they need API. Human needs and common good too burdensome. Cut the funds for domestic violence programs for opioid recovery, for dental cleanings and cavity repair. Human needs and common good too burdensome. Cut all social services. Let PTSD and suicide ride the land. Less of this and less of that might make us more the venom says. Mr. Crum in my view has tried, but too many unhealthy results have rolled out of his office. I encourage you not to confirm him.

4:38:25 PM

TINA WILLIAMS testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She said she has 31 years of state service and was chief financial officer for over eight years at API. She returned June 2018 based on an offer requesting that she assist the hospital to re-establish financial infrastructure due to an ever degrading administrative and financial situation of the last several years. Placed under her supervision were business office operations, financial processes, structure, reporting, and after approximately one week on the job the Human Resource Section at API. She was told her last day with API would be 3/1/19, with no explanation. She asked then-Acting CEO Gavin Carmichael if she could use leave to achieve her final high three years. He had to check, but the answer was no, and she retired with three days' notice.

MS. WILLIAMS said Governor Dunleavy and Commissioner Designee Crum rely on a team of people to help steer the ship. After watching much of the House Finance Committee presentation, as well as court testimony, the story unfolding by DHSS Deputy

Commissioner Wall over several weeks involved some changes seemingly just as a changing narrative. Was there an emergency? Was there an emergent issue? Was there a reason to bring a vendor from outside of Alaska to manage the hospital? Neither the commissioner nor the deputy commissioner has had experience with running a hospital. It is a complicated department to run even without API. While she applauds Mr. Crum's business acumen and willingness to take on the commissioner position, she is concerned about Mr. Crum as the commissioner and Mr. Al Wall as deputy commissioner as they continue to allow the degradation of services at the hospital and support increased fees for vulnerable senior citizens in Alaska's Pioneer Homes based on the governor's 2020 budget request to the legislature.

MS. WILLIAMS related that the [API] hospital census was around 36 or 37 when she left in March. According to testimony the numbers last week were 26 for an 80-bed hospital. She said continued pressure to open beds to 80 exists throughout the community and is also demonstrated by the commissioner's office with the Wellpath contract having this as one of the milestones, even though that is a clinical decision. The hospital must operate safely and not bow to executive pressure to open beds when nursing staff, psychiatric nursing assistants, psychiatrists, physicians, and other licensed practitioners are not available while issues are investigated regarding allegations of abuse or neglect from the patient population.

MS. WILLIAMS recalled that according to the commissioner designee's 4/13/19 testimony before the committee, Wellpath was vetted and the commissioner designee was aware of Wellpath's litigation. She said this vetting appears not to follow good business practice and also sets the state up for additional litigation regarding the procurement practices that led up to the approximately \$44 million contract with Wellpath. Administrative and financial infrastructure of the hospital, additional direct patient care positions of psychologists and social workers, and nursing vacancies still exist at the hospital. Recruitment for positions has been off and on since January 2019 where managers have been confused if they were allowed to recruit or not. Recruitment for positions at the hospital has been difficult and to find people interested and not be able to hire or proceed with the recruitment process ensured that the hospital would not have the resources needed on site to resolve some of the issues. The place continues to be a stressful environment for those who work in direct care and supportive positions. Wellpath's message is that the jobs must

be competed for and Wellpath's infrastructure is still not in place or transparent.

MS. WILLIAMS said decisions were made at the commissioner's office level without API staff awareness or involvement. She stated that the contract terms, amount, and milestones were not provided to the entire executive team at the hospital, much less to her as the CFO prior to execution. They actually should have been on file at the hospital, which is a requirement for surveys. Failure to provide updated contract information was previously cited and yet Deputy Commissioner Wall proceeded to keep it hidden until the week that the first payment for \$1 million was necessary. Unless a person watches legislative testimony, one wouldn't have known that this contract was coming. The Department of Health and Social Services has been managing a hospital from afar for several years and has not understood the complexities, regulations, and general processes to serve a diverse and vulnerable in-patient population. Every time there is new leadership education must start all over versus taking action to resolve. The department's leadership takes credit for work that started prior to the administration change. There was just no concurrence from DHSS leadership or funding to allow the hospital to proceed with this contract that would have helped staff and patients before the Wellpath contract. Shouldn't the goal be to provide the best level of care for the most vulnerable mentally ill patients? This will be a milestone that DHSS will use to celebrate achievement and make a case that Wellpath is working.

MS. WILLIAMS stated that many of the day-to-day decisions needed DHSS commissioner office leadership because there was lack of funding to be able to manage and run the hospital's daily operations. When she left the hospital she put out yet another plea for additional funds to be moved to the contractual services and grant lines to pay for vendors that had been providing services, but the commissioner's office made sure that \$5 million was moved from the API personal services line to pay for a new contract with Wellpath, ignoring the rest of the pending obligations.

MS. WILLIAMS related that Deputy Commissioner Wall testified during Judge Morse's court hearing with the Disability Law Center. She said the lawsuit continues to have a changing narrative about immediate jeopardy, Wellpath, and milestones without a plan to relieve the backlog of people waiting for some type of care or evaluation services at the hospital. When Deputy Commissioner Wall was director of the Division of

Behavioral Health, he did nothing to resolve issues with the continuum of care that would make a positive and lasting impact so the mentally ill would not languish in jails or emergency rooms. The backlog existed when Mr. Wall was in his previous position and the hospital reported directly to the Division of Behavioral Health, whose agenda then and now is to privatize the hospital.

MS. WILLIAMS concluded by saying that the confirmation of Mr. Crum would not be in the state's best interest with his selection of Mr. Wall for deputy commissioner.

[4:45:56 PM](#)

REPRESENTATIVE DRUMMOND thanked Ms. Williams for her testimony and requested a written copy.

[4:46:32 PM](#)

KEN HELANDER, Advocacy Director, American Association of Retired Persons (AARP) Alaska, testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. He stated it isn't customary for his organization to comment on administrative appointments, but this was changed by the recent abrupt action by DHSS that directly affects low income older Alaskans who will not receive a May or June senior benefits payment. This action, without forewarning, raised numerous questions of its necessity, management of the process, and concern for the wellbeing of those affected. The position of commissioner is a position of public trust that brings with it the necessary burden of concern for people in need and in pain. The job of committee members is to vote whether to advance Mr. Crum's confirmation. His job as an advocate for older Alaskans is to always hold the commissioner accountable.

MR. HELANDER stated that every action taken by the department, like the unfortunate one taken against senior beneficiaries last week, has an impact on real lives in real situations being played out all over Alaska every day. It is not enough for the commissioner to execute the agenda of the administration to reduce spending. It is at least equally important to ensure, regardless of the cut, that the wellbeing of every Alaskan is protected and supported. Each cut affects persons in some kind of need. Every cut affects the job of someone helping that person in need. Without well-managed public services, who will tend to those in need? Will the commissioner? Will the people in the department? Will the governor? Those Alaskans will be

tended by families, friends, neighbors, and by scores of public and private organizations established to ensure that no one falls through a hole in the safety net.

MR. HELANDER said AARP Alaska will be watching the commissioner and his department in the execution of their responsibilities to Alaskans. The commissioner's salary comes from the same coffers as do the funds that support Alaskans in need. On behalf of those in need and on behalf of those who help those in need and on behalf of AARP's 85,000 members, AARP Alaska pledges to hold Mr. Crum accountable for every action. AARP Alaska urges Mr. Crum to listen as intently for the real human needs and to look as closely at the human dignity displayed as he does to the administration that has nominated him for this position. Only then can the commissioner warrant the public trust that is essential for the health and wellbeing of all Alaskans.

[4:49:49 PM](#)

VINCE BELTRAMI, President, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. He noted that his organization represents over 50,000 members in the state. During his 12 years at this job he has never before felt compelled to testify against the nomination of any commissioner because generally he thinks the governor should get to choose his people. However, this governor has made some odd choices in commissioners that did not stand the scrutiny of a process and that is the job of legislators. He is here today because standing up for collective bargaining rights and contracts is his job.

MR. BELTRAMI said this commissioner designee has made himself a target by engaging in some very dubious actions. If a commissioner designee cannot abide by the law, he or she should not be confirmed. Yesterday, the Alaska State Employees Association, an AFL-CIO affiliated union, filed a request for a temporary restraining order on the illegal contract entered into by the commissioner designee with Wellpath. This contract violates long-standing provisions of [the state's] contracts that clearly lay out how any efforts to privatize state services must be conducted. [The state's] contracts, these rules, are the law. It doesn't matter if the law is broken through incompetence or intent. Mr. Crum doesn't even officially have the job and already the rules are being disregarded. If this commissioner designee will violate the collective bargaining agreement, what other provisions of law would he disregard?

MR. BELTRAMI stated that legally and competently managing the largest department in Alaska government is the charge of this position and it is off to a very bad start. Dealing with employment and contracts should be the easiest part of this very complicated job. Complying with the myriad of federal laws and rules that govern the department is more complicated, but also not negotiable. This violation of collective bargaining agreements should give everyone pause and cause reflection about whether a violation on the least complicated aspect of the job doesn't foreshadow future problems. He urged committee members to oppose the confirmation of Mr. Crum.

[4:52:28 PM](#)

DAWN BUNDICK, testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She said she has been a public servant for many years working for Alaskans. She stated that Mr. Crum is not a person who is looking to protect the health and human services of Alaskans. He has allowed the Senior Benefits Program funding to expire without legislative or public notice. He is committing a crisis to support budgetary plans to eliminate senior benefits altogether. Her mother received a letter saying that her senior benefits would be cut, and this has affected her making ends meet. The public elected the committee members as stewards for Alaskans and protecting in-state jobs and families. She asked the committee members to oppose the confirmation of Mr. Crum and stated, "people, not profits."

[4:53:54 PM](#)

JAN CAROLINE-HARDY testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She said she works for the Department of Transportation & Public Facilities and is testifying for herself and seven DHSS employees who are unable to testify for fear of retribution. She opposes Mr. Crum's confirmation for at least three reasons. First, Mr. Crum initiated a sole-source privatization contract with API that disregards current employee rights, future Alaskan employment, and patient rights. Outsourcing steals Alaskan jobs. Second, Mr. Crum does not have the best interests of Alaska's elders and vulnerable populations. He broke faith with them by rejecting Medicaid block grant funds, which would help alleviate some of the extraordinarily high costs of health care. How should Alaska's most vulnerable citizens be entrusted to someone who has only shown a pattern of cutting and privatization? The

third reason strikes her personally. She is a 70-year-old woman with no family. Her retirement income plus Social Security was insufficient to live on without making sacrifices, so she returned to work at age 70. With no family and no one to take care of her when she becomes incapacitated, she will have to go to the Pioneer Home for her final years, months, or days. She could afford to reside there at the current level of cost, but with the fees now being raised to 140 percent of today's costs it will be impossible. Is this how to treat Alaska's pioneers? Outsourcing and cutting benefits for Alaska's most vulnerable population is criminal, immoral, and vicious.

[4:56:15 PM](#)

BEV GAJARING testified she opposes the confirmation of Mr. Adam Crum as commissioner of DHSS because he supports the outsourcing privatization of API. She said she has family and friends who are at risk of losing their jobs at API if Mr. Crum is confirmed because he will privatize the facility. Privatization will cause them to lose their homes, benefits, take other positions, or relocate. Mr. Crum has no vested interest in the persons of the public sector and its employees because he has no real experience in the Department of Health and Social Services. How can an individual be relied upon to run DHSS who is unable to relate to its employees or patients? Alaskan's health and social services should not be up for profit or privatization. Someone is needed who is willing to put his or her best foot forward in securing DHSS in the right direction and by finding ways that will benefit and protect employees, patients, and the vulnerable population. Mr. Crum is not the person. She urged the committee to stand by her and those in the communities whose lives are in jeopardy and cast a no vote for Mr. Crum's confirmation.

[4:58:09 PM](#)

REPRESENTATIVE JACKSON asked whether Ms. Gajaring works for API.

MS. GAJARING replied no, family and friends.

REPRESENTATIVE JACKSON pointed out the threat of API closing and asked whether those people would have lost their jobs either way.

MS. GAJARING responded they would end up losing their jobs. If it is no longer API and Wellpath takes over, who is to say that

Wellpath will hire them? There are also others who are of age and how can they be guaranteed job security?

[4:58:51 PM](#)

JENNIFER CUNNINGHAM testified she opposes the confirmation of Mr. Adam Crum as commissioner of DHSS because he has zero experience in health and human services or working in the public sector. She stated she has worked at API for three years, and in this job, she has been assaulted twice. She has a traumatic brain injury and these assaults have had a deleterious effect on her life, including headaches, post-traumatic stress (PTS) episodes, short-term memory loss, and panic attacks, which makes her feel overwhelmed with her family and in the community. She has increased her current medication because of the brain injury. She loves her job and further assaults could make her a quadriplegic or dead. She fears that supporting Mr. Crum would lead to job losses and increased risk of danger to API staff and patients. She does not believe that Mr. Crum has the knowledge, interest, or skills in protecting her or her co-workers. She urged the committee to vote no on Mr. Crum's confirmation.

[5:00:34 PM](#)

MARK NELSON testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. He addressed Representative Pruitt's statement that was made during the 4/13/19 confirmation hearing that Mr. Crum's politics shouldn't have anything to do with whether he is confirmed as commissioner since politics are not involved in any of the decision making process. Mr. Nelson therefore looked at Mr. Crum's qualifications related to API as a sample of the commissioner designee's work, knowledge, skills, and abilities. He recalled that according to an earlier hearing there was some sort of jeopardy at API in early February [2019] at which time the commissioner designee invoked a statute where he was "stepping in," so it appears the commissioner designee didn't even realize that he is in charge of API. Stepping in and having a private company come to facilitate the hospital means Mr. Crum doesn't have the ability to do it himself. The CEO and staff of API answer to the commissioner. The commissioner designee has been in charge since early December [2018]. Since that time, the API CEO and all six doctors have left their positions. According to the hearings this is unprecedented. This should be a red flag. The commissioner designee appointed dozens of people into positions within the division, yet for the number one sore spot under his command, API, the commissioner designee failed to appoint a CEO, which by

his own testimony was the reason why API was having difficulties.

MR. NELSON recalled that the commissioner designee testified on 4/13/19 that having a workweek of 60 hours would be wonderful. He maintained that this indicates Mr. Crum is over his head. He further maintained that Mr. Crum doesn't understand that as commissioner of DHSS he is dealing with life and death. This is not sitting across from a teenager as a volunteer. Mr. Crum is taking money away from elderly people who die if they don't get their medications. An elderly person who doesn't get money cannot afford heat and gets pneumonia and dies. This is not appointing the CEO at API and a person kills themselves. Mr. Crum is not qualified and should not be confirmed.

[5:03:45 PM](#)

MAUREEN SUTTMAN testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She stated she is a retired licensed professional counselor and, surprisingly, she is also a Medicaid recipient because she wasn't making much money when she got a diagnosis of stage four cancer two years ago. While Mr. Crum has sparkling good college degrees, he has absolutely no work experience in the health field, which is of concern for someone who is heading up the Department of Health and Social Services. There is so much to know and when a person doesn't have the work experience to know, that is when the person runs into legal concerns, which Mr. Crum has done. She noted she has a master's degree and has worked in mental health with a variety of populations across the state, and the populations are a concern because she hasn't heard anything about stakeholders. Rather, she is hearing business ideology by a political placement from a governor who has a certain way of looking at things. Alaska has high cultural needs, high transition needs in and out of treatment, and high ongoing treatment needs. These are not being attacked from a health perspective but from a business and money perspective, which concerns her. Mr. Crum is not qualified.

[5:06:27 PM](#)

BECKY SEWELL testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She stated she has her own business working out of her home. She shared a story of a friend working for API that began in late December [2018]. The story started with API requesting that the State of Alaska fund API appropriately to cover the salaries of nurses and to cover

the hiring of more staff to keep staff safe around patients. It all started with staff safety because the patients were physically aggressive and there wasn't enough staff to cover that. Her friend states that the nurses' salaries are \$10 an hour less than the other hospitals in Anchorage, along with API being the only hospital in Anchorage where staff gets hurt on a regular basis. These are really dedicated people. In a previous legislative hearing Mr. Crum said there were six deaths at API in 2018. But, she maintained, that is untrue - there were no deaths at API. Both Mr. Crum and Deputy Commissioner Wall have done a lot of things in secret. She doesn't trust Mr. Crum and thinks he should not become commissioner.

[5:09:07 PM](#)

KAREN CAMERON testified in opposition to the confirmation of Mr. Adam Crum as commissioner of DHSS. She said her opposition is based on lack of integrity and not having the professional experience and expertise to do the job as a health commissioner. Mr. Crum has misstated his education and work experience. He doesn't have a degree in health services or hospital administration. The degree is in something called industrial hygiene and his work experience, self-described, was a truck driver and he was working for his father at that time at Northern Industrial Training. Neither of these qualifies him to be a hospital administrator or health systems administrator. Regarding lack of integrity, one of the first things Mr. Crum did was to award a contract of \$1 billion contract to Wellpath, a Nashville, Tennessee, company with massive financial and legal problems. Wellpath's experience is not in psychiatric hospitals but in prisons, jails, and detention centers. This contract is a giveaway while Governor Dunleavy is trying to restrain spending - it looks like a quarter of a billion dollars was given away in one day without any public testimony or transparency. There are so many very real problems in the state in terms of health and nothing has been heard about revenue generation or coming up with contracts and grants that are available to the state. Mr. Crum and Mr. Wall feel it doesn't make any difference what they do as long as they cut DHSS 40 percent. The people, patients, and employees deserve better.

[5:12:30 PM](#)

CO-CHAIR SPOHNHOLZ closed public testimony.

[5:13:09 PM](#)

CO-CHAIR SPOHNHOLZ noted that since the committee's last meeting a lawsuit was filed against the state by the Alaska State Employees Association alleging that DHSS violated its bargaining agreement, state law, and the state constitution as the department seeks to privatize operations at API. Lawmakers cautioned the commissioner designee that privatization of a public facility must be done with the utmost care and due diligence to prevent lawsuits as well as to ensure safety. Yet the commissioner designee proceeded and now the state is being sued. The inadequate process and lack of complying with the contracts in state law now jeopardizes the facility and its ability to do what it needs to do and has created new liability for the state on which resources are now being spent to defend against a lawsuit that was preventable if this same process had been conducted in a slower, more deliberative way. She asked what the commissioner designee's plan is for moving forward in regard to this lawsuit.

COMMISSIONER CRUM replied that the department is evaluating the lawsuit and he cannot comment on pending litigation. He said that throughout this process his primary concern was patient safety, which led to where things are now. It was faster than the department would have liked, but DHSS believes the process was upheld and that it had everyone involved and it was done in the correct way.

CO-CHAIR SPOHNHOLZ stated she respectfully disagrees.

CO-CHAIR SPOHNHOLZ recounted that on [4/12/19] DHSS announced it would not be paying out senior benefits to the highest tier of recipients for [the months of May and June]. On 4/13/19 the committee asked the commissioner designee whether he would ask for a supplemental or be able to move funds between allocations, which the commissioner has the authority to do. At that point the commissioner designee hadn't had time to figure this out. She asked whether the commissioner designee would like to comment now that he has had two additional business days to research the issue.

COMMISSIONER CRUM responded that the issue of senior benefits is frustrating, particularly for those involved knowing that it is a very vulnerable population and how much they depend upon those funds. The department followed a process based on previous years precedence in how the payments had either been cut or stopped, as well as following legislative guidance. The department is evaluating this and still trying to see if there are available funds amongst programs. It is not an easy ask to

see who has extra funds that could be moved over as the other programs must still be projected for the rest of the year. All programs deal with a vulnerable and needy population. It is unfortunate the way the guidance went out on that, but the department was trying to do that in advance. One thing DHSS has control over is that perhaps with these populations the department can do an expedited review process, and perhaps if they do qualify, DHSS can mitigate it a bit by having enhanced Supplemental Nutrition Assistance Program (SNAP) benefits.

CO-CHAIR SPOHNHOLZ offered her understanding that the Senior Benefits Program only needs \$800,000 to fully fund the top tier benefits for the rest of the [fiscal] year. She surmised the commissioner designee is saying that with a \$3.4 billion budget he cannot find \$800,000.

COMMISSIONER CRUM answered DHSS does not have discretion to transfer any funds away from the Medicaid side, so the entire dollar amount must be extracted out of that. To continue the process to make sure, DHSS must do projections throughout the end of the fiscal year to see how that program would be affected if dollars are found and there are no unintended consequences.

CO-CHAIR SPOHNHOLZ remarked that for someone who has been making the pitch that his qualifications, while not based on experience in the health care arena, health care policy, or public sector, include organizational development and business expertise, it would seem a small matter to find \$800,000 in a budget that is this large when talking about seniors who count on this money to pay for heating, food, and prescription medications.

COMMISSIONER CRUM replied that the situation is not an easy one. He said this was the budget given to the department last year and DHSS has followed its guidelines to manage within the appropriations. His goal through next year is to have more open dialogue so that this doesn't sneak up on the department.

CO-CHAIR SPOHNHOLZ concurred that that would be wise.

[5:18:21 PM](#)

REPRESENTATIVE TARR said she is struck that a supplemental bill hasn't come out to cover this. Given the amount of discussion with legislators, it seems this alternative would have support and so she doesn't understand why the problem wouldn't be resolved this way. Under these circumstances it seems the commissioner designee, as the leader, would want to have

supplemental legislation dropped tomorrow to resolve this short-term problem and then move forward with looking at a long-term solution.

COMMISSIONER CRUM responded DHSS is still trying to find out if there are possible dollars. If the legislature wants to expedite the process with a supplemental, the department would use that accordingly.

REPRESENTATIVE TARR stated she is one of about 635,000 permanent fund dividend (PFD) recipients. This would be under \$1.50 per person to cover and she is willing to contribute the \$1.50 necessary to support the state's seniors.

[5:20:16 PM](#)

CO-CHAIR ZULKOSKY said the commissioner of DHSS should ensure that every legislative tool in the toolbox is leveraged to resolve relatively small fixes in the grand scheme of things within the department. Making sure that any individual who is carrying the mantle for seniors and people with disabilities and those who don't have the resources to benefit from systems that many others have been privileged to benefit from is where the challenge is. She echoed the concerns of her colleagues on the committee.

CO-CHAIR SPOHNHOLZ thanked the commissioner designee for his testimony and engaging in a rigorous conversation. She offered her understanding that this was not easy, but said this is a big job that Mr. Crum is applying for and sometimes a big job has a tough interview process.

[5:21:43 PM](#)

CO-CHAIR ZULKOSKY moved to advance the confirmation of Adam Crum, designee as Commissioner of the Department of Health and Social Services, to a joint session for consideration. She reminded the committee that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and the nominations are merely forwarded to the full legislature for confirmation or rejection. There being no objection, the confirmation was advanced.

[5:22:39 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:22 p.m.