

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 21, 2020

3:19 p.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Louise Stutes
Representative Zack Fields
Representative Sara Hannan
Representative Andi Story

MEMBERS ABSENT

Representative Mel Gillis
Representative Sara Rasmussen

COMMITTEE CALENDAR

HOUSE BILL NO. 113

"An Act relating to employment preferences for spouses and children of veterans, disabled veterans, former prisoners of war, members of the national guard, and deceased service members."

- HEARD & HELD

HOUSE BILL NO. 235

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 229

"An Act establishing the Alaska Health Care Transformation Corporation; relating to an all-payer claims database; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 24

"An Act relating to instruction in a language other than English; and relating to limited teacher certificates."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 113

SHORT TITLE: MILITARY FAMILY EMPLOYMENT PREFERENCE

SPONSOR(s): REPRESENTATIVE(s) JACKSON

03/27/19 (H) READ THE FIRST TIME - REFERRALS
03/27/19 (H) MLV, L&C
04/16/19 (H) MLV AT 1:00 PM GRUENBERG 120
04/16/19 (H) Heard & Held
04/16/19 (H) MINUTE(MLV)
04/18/19 (H) MLV AT 1:00 PM GRUENBERG 120
04/18/19 (H) -- MEETING CANCELED --
04/23/19 (H) MLV AT 1:00 PM GRUENBERG 120
04/23/19 (H) Moved CSHB 113(MLV) Out of Committee
04/23/19 (H) MINUTE(MLV)
04/24/19 (H) MLV RPT CS(MLV) NT 5DP 1NR
04/24/19 (H) DP: KOPP, JACKSON, TARR, TUCK, LEDOUX
04/24/19 (H) NR: THOMPSON
05/06/19 (H) L&C AT 3:15 PM BARNES 124
05/06/19 (H) -- MEETING CANCELED --
05/10/19 (H) L&C AT 3:15 PM BARNES 124
05/10/19 (H) Heard & Held
05/10/19 (H) MINUTE(L&C)
02/19/20 (H) L&C AT 3:15 PM BARNES 124
02/19/20 (H) Heard & Held
02/19/20 (H) MINUTE(L&C)
02/21/20 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 235

SHORT TITLE: AK WORKFORCE INVESTMENT BOARD:ALLOCATIONS

SPONSOR(s): REPRESENTATIVE(s) WOOL

02/05/20 (H) READ THE FIRST TIME - REFERRALS
02/05/20 (H) L&C, FIN
02/21/20 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 229

SHORT TITLE: HEALTH INFORMATION/DATABASE/PUBLIC CORP.

SPONSOR(s): REPRESENTATIVE(s) SPOHNHOLZ

01/27/20 (H) READ THE FIRST TIME - REFERRALS
01/27/20 (H) L&C, FIN
02/20/20 (H) L&C AT 3:00 PM DAVIS 106
02/20/20 (H) Heard & Held
02/20/20 (H) MINUTE(L&C)

WITNESS REGISTER

REPRESENTATIVE SHARON JACKSON

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided opening remarks and answered questions during the hearing on HB 113, as prime sponsor.

PAM DAY, Classification Services Manager

Division of Personnel & Labor Relations

Department of Administration

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 113.

DAN WAYNE, Attorney

Legislative Legal Services

Legislative Affairs Agency

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 113.

REPRESENTATIVE ADAM WOOL

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced HB 235 and answered questions.

ASHLEY CARRICK, Staff

Representative Adam Wool

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation, entitled "HB 235: Technical Vocational Education Program (TVEP) Re-Authorization," on behalf of Representative Wool, prime sponsor.

LENNON WELLER, Economist/Unemployment Insurance Actuary

Research & Analysis Section

Department of Labor & Workforce Development

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 235.

TERI COTHREN, Associate Vice President

Workforce Development
University of Alaska
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation, entitled "University of Alaska Technical Vocational Education Program," during the hearing on HB 235.

SANDRA HEFFERN, Project Coordinator
Alaska Healthcare Transformation Project
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation, entitled "Alaska Healthcare Transformation Project," during the hearing on HB 229.

NORM THURSTON, Executive Director
National Association of Health Data Organizations
Salt Lake City, Utah

POSITION STATEMENT: Provided testimony during the hearing on HB 229 and answered questions.

JOHN CULLEN, MD
Valdez Medical Clinic, LLC; and
Board Member, Alaska Academy of Family Physicians
Valdez, Alaska

POSITION STATEMENT: Provided testimony and answered questions during the hearing on HB 229.

LAURA YOUNG, Executive Director
HealtheConnect Alaska
Anchorage, Alaska

POSITION STATEMENT: Provided testimony during the hearing on HB 229.

ACTION NARRATIVE

[3:19:18 PM](#)

CHAIR IVY SPOHNHOLZ called the House Labor and Commerce Standing Committee meeting to order at 3:19 p.m. Representatives Stutes, Fields, Hannan, Story, and Spohnholz were present at the call to order.

HB 113-MILITARY FAMILY EMPLOYMENT PREFERENCE

[3:20:23 PM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 113, "An Act relating to employment preferences for spouses and children of veterans, disabled veterans, former prisoners of war, members of the national guard, and deceased service members."

[3:23:34 PM](#)

REPRESENTATIVE SHARON JACKSON, Alaska State Legislature, as prime sponsor, stated the purpose of HB 113 is to extend hiring preferences to military spouses, which would allow them to receive an interview for a job that hires by a numerical point system. This will enable the educated, unemployed and underemployed [military] spouses to work in the community. She said this is a bill that will provide them with more opportunities.

[3:24:36 PM](#)

CHAIR SPOHNHOLZ moved to adopt Amendment 1, [labeled 31-LS0715\S.1, Wayne, 2/19/20], which read as follows:

Page 6, line 29:

Delete "of this subsection;"

Insert "or (1)(A)(iii) of this subsection, or the spouse or dependent child of a person who is in active service or on furlough from active service under (1)(A)(i) of this subsection;"

REPRESENTATIVE STUTES objected for the purpose of discussion.

REPRESENTATIVE JACKSON deferred to Pam Day.

[3:25:18 PM](#)

PAM DAY, Classification Services Manager, Division of Personnel and Labor Relations, Department of Administration, provided a brief background on the state's recruitment system. She said in July 2000, the state stopped scoring applications and switched to a vacancy-based recruitment system, which changed how preferences are applied. If an assessment device with a numerical rating is not used, 10-point veterans are afforded an interview and 5-point veterans are given consideration. Nonetheless, she said it's been a common practice to offer an interview to 5-point veterans. HB 113 would extend the

preference of being awarded an interview to 5-point veterans, as well as military spouses and dependent children.

CHAIR SPOHNHOLZ asked for the definition of a vacancy-based system.

MS. DAY explained that when a vacancy arises, recruitment ensues immediately, which is a more streamlined process than the state's prior hiring system.

CHAIR SPOHNHOLZ acknowledged that filling vacancies faster is a good idea.

[3:27:40 PM](#)

REPRESENTATIVE HANNAN questioned whether the point system is based on a 100-point scale and whether points and percentages are interchangeable.

MS. DAY answered yes. She added, "it's 5 percent of the points available from a scoring device - or 10 percent."

REPRESENTATIVE HANNAN asked if it's based on a 100-point scale.

MS. DAY said yes.

REPRESENTATIVE HANNAN questioned the difference between a 5-point veteran and a 10-point veteran.

MS. DAY explained that, "if we do not use a scoring system, which we do not, if a veteran who would have been awarded the 10 points in the scoring - which is the disabled veteran or the prisoner of war - they are offered the interview."

[3:28:58 PM](#)

REPRESENTATIVE JACKSON said, "this bill is for active duty spouses and spouses of those that died in war, or Gold Star families. So, this bill is just extending to the spouses..."

CHAIR SPOHNHOLZ surmised that the [hiring] preference would elevate an applicant, rather than award them a 5 or 10 percent advantage.

MS. DAY affirmed that.

[3:29:51 PM](#)

REPRESENTATIVE HANNAN questioned the difference between a 5-point veteran and a 10-point veteran.

REPRESENTATIVE JACKSON replied that it correlates to their disability.

MS. DAY responding to a follow-up question from Representative Hannan, said AS 39.25.159 [Employment Preference for Veterans and Former Prisoners of War] articulates that disabled veterans or prisoners of war are awarded an interview or 10 percent, whereas veterans or members of the National Guard are awarded 5 percent or considered for an interview.

CHAIR SPOHNHOLZ questioned whether the 5 percent and 10 percent distinction also applied to the spouse.

MS. DAY said this bill expands the interview benefit to veterans and members of the National Guard, as well as to military spouses and dependent children.

[3:32:40 PM](#)

REPRESENTATIVE FIELDS clarified that under HB 113, every spouse, dependent child, and veteran would be afforded an interview for a state job for which they applied.

MS. DAY replied yes, if they meet the minimum qualifications.

REPRESENTATIVE FIELDS asked if they would receive up to a 10 percent higher score than other applicants.

MS. DAY said it can be either or. She directed attention to AS 39.25.159, which states that if an assessment device is used to score applicants then the 10-points can be applied; however, because Alaska doesn't use an assessment device the interview is guaranteed.

REPRESENTATIVE FIELDS questioned whether this bill should be rewritten to ensure an interview. He asked if that would be a simpler way to write it. He expressed concern with awarding a 10-point advantage to someone, should the state revert to a point-based scoring system.

[3:34:27 PM](#)

REPRESENTATIVE JACKSON said HB 113 is offering preference points to the spouses and family members of Gold Star families. She added that it specifically speaks to preference points for a spouse.

REPRESENTATIVE FIELDS said he understands.

[3:35:33 PM](#)

DAN WAYNE, Attorney, Legislative Legal Services, Legislative Affairs Agency, attempted to provide context to page 6 of the bill. He stated that under current law, AS 39.25.159(a) entitles a veteran or former prisoner of war - who meets the minimum qualifications - to an employment preference of which there are two kinds. When hiring based on a numerical rating, veterans get 5 points added to their score, whereas disabled veterans or formers prisoners of war get an additional 10 points. When hiring is not based on a numerical system, consideration is awarded to veterans and an opportunity to interview is afforded to disabled veterans and former prisoners of war. He explained that under HB 113, those [hiring] preferences would extend to military spouses and dependent children.

CHAIR SPOHNHOLZ asked what Amendment 1 accomplishes.

[3:38:56 PM](#)

MR. VERHAGEN stated that Amendment 1 affords qualified military spouses or dependent children the right to an interview. He explained that if, for example, there are 10 qualified candidates, the department doesn't have to interview all 10 of them; however, they "shall" award a military spouse or dependent child with an interview.

CHAIR SPOHNHOLZ sought to clarify whether Amendment 1 would require that a military spouse or dependent child is awarded an interview if they meet the minimum qualifications.

MR. VERHAGEN answered yes.

[3:40:23 PM](#)

REPRESENTATIVE FIELDS suggested rewriting the bill to ensure an interview without giving the same numeric point advantage to a spouse or dependent in the event there is a numeric system being used.

CHAIR SPOHNHOLZ pointed out that it would be a very substantial amendment to this bill.

[3:40:56 PM](#)

REPRESENTATIVE HANNAN attempted to clarify whether Amendment 1 awards "everybody" with an interview.

[3:41:24 PM](#)

MR. VERHAGEN stated that those under [subsection] (i) get an interview as well as those under (3)(i), which is the surviving spouse or dependent of a person who was killed in action. He went on to say, "so this amendment is not actually even giving the right to an interview to a spouse or dependent child of a veteran, but only an active duty ... someone described ... in section (A)(i), so who is in active service or on furlough. So, Representative Jackson's intent was to not afford the right to an interview to veterans, spouses, and dependents, but ... a spouse who's married to an active duty member or someone on furlough, if that makes sense."

MR. VERHAGEN responding to a follow-up question from Representative Hannan, said both the veteran and current active duty military spouse will be awarded an interview.

[3:43:22 PM](#)

REPRESENTATIVE FIELDS asked Mr. Wayne if it would be possible to rewrite this section to clarify that interviews are afforded to spouses and dependents of active duty service members without adding multiple references to points, which is conflicting. He questioned whether it could be written to be shorter and clearer.

[3:43:53 PM](#)

MR. WAYNE reiterated that if HB 113 does not pass, current law states that if there is an assessment using numerical ratings - which could happen tomorrow - then the 5 or 10-point preference will apply to veterans, former prisoners of war, and disabled veterans. When there's not a numeric assessment, consideration or an interview applies. He reminded the committee that consideration and receiving an interview are two separate things according to the law, regardless of how the administration is

putting them into practice, which is subject to change through regulation.

REPRESENTATIVE FIELDS stated that while he is comfortable with awarding consideration, he is uncomfortable with the points incentive. He requested an extension on the amendment deadline to refine a solution.

[3:47:35 PM](#)

CHAIR SPOHNHOLZ withdrew Amendment 1.

MR. VERHAGEN in response to Representative Fields, emphasized that under HB 113, the only people that "shall" receive a 10-point preference are disabled veterans.

CHAIR SPOHNHOLZ assured Mr. Verhagen that the committee understands that point. The question is whether to continue to reference a numerical system that is not currently used in state law, she explained.

[3:49:40 PM](#)

REPRESENTATIVE HANNAN moved to adopt Amendment 2, [labeled 31-LS0715\S.2, Wayne, 2/20/20], which read as follows:

Page 6, lines 18 - 19:

Delete "the surviving spouse or a dependent child of a person who"

Insert "a dependent child or, unless the surviving spouse has remarried, the surviving spouse of a person who died within a 10-year period immediately preceding the date of the assessment and"

CHAIR SPOHNHOLZ objected for the purpose of discussion.

REPRESENTATIVE HANNAN explained that Amendment 2 proposes a 10-year limit on the benefit for the surviving spouse or dependent children in the event of a service member's death.

[3:50:17 PM](#)

REPRESENTATIVE JACKSON opined that Amendment 2 is reasonable and acceptable.

[3:50:43 PM](#)

CHAIR SPOHNHOLZ withdrew her objection. There being no further objection, Amendment 2 was adopted.

CHAIR SPOHNHOLZ announced that HB 113 was held over.

HB 235-AK WORKFORCE INVESTMENT BOARD:ALLOCATIONS

[3:51:19 PM](#)

CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 235, "An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[3:51:59 PM](#)

REPRESENTATIVE ADAM WOOL, Alaska State Legislature, as prime sponsor, introduced 235 and delivered the sponsor statement, which read in its entirety as follows [original punctuation provided]:

In 2000, the Alaska Legislature established the Technical Vocational Education Program (TVEP). This program is administered by the Alaska Workforce Investment Board and utilizes a portion of Unemployment Insurance receipts to provide grants to career and technical education providers across the State. The TVEP program impacts thousands of students by offering industry-specific training opportunities that help Alaskans get to work.

HB 235 would re-authorize the TVEP program for an additional three years until fiscal year 2023. The program currently has ten recipients which include the University of Alaska, the Alaska Vocational Technical Education Center, the Alaska Technical Center, as well as other technical education providers across the State. These programs train Alaskans for industry-specific jobs in sectors such as fishing, transportation, health, mining, and construction.

Please join me in supporting House Bill 235 to re-authorize the TVEP program and keep thousands of Alaskans ready for the high demand careers our State has to offer.

[3:53:51 PM](#)

ASHLEY CARRICK, Staff, Representative Adam Wool, Alaska State Legislature, provided a PowerPoint presentation, entitled "HB 235: Technical Vocational Education Program (TVEP) Re-Authorization," on behalf of Representative Wool, prime sponsor. She directed attention to slide 2, "TVEP Program History." She informed the committee that TVEP was created in 2000 to provide competitive grant assistance to education entities in Alaska that delivered specific vocational and technical training. The program was established under AS 23.15.830 [Alaska Technical and Vocational Education Program Account] and sunsets every three years. In 2014, the legislature increased the amount of funds diverted to TVEP from .15 percent of unemployment insurance to .16 percent. The types of training that TVEP recipients offer include aviation, fisheries, construction, renewable energy, mining, information technology, transportation, health care, and other vocational training (slide 3). Ms. Carrick turned attention to a flow chart on slide 4, entitled "How TVEP Funding Gets Distributed." She pointed out that both STEP and TVEP programs are funded through unemployment insurance receipt contributions. She went on to say that the STEP/TVEP portion come directly from the employee portion of the contribution to unemployment insurance, while the employer portion is deposited into the UI trust fund account. The STEP/TVEP portion are designated general funds.

[3:57:04 PM](#)

REPRESENTATIVE HANNAN referring to the "STEP/TVEP Portion" box on the flow chart, asked if \$103.74 is dollars or millions.

MS. CARRICK said that she does not know.

CHAIR SPOHNHOLZ offered her understanding that it is \$103.74 dollars.

[3:57:55 PM](#)

MS. CARRICK resumed her presentation. She paraphrased slides 5-6, entitled "TVEP Recipients Over Time," which read as follows [original punctuation provided]:

In 2000:

University of Alaska: 52%

Kotzebue Training Center: 16%

Alaska Vocational Technical Center: 32%

In 2001:

University of Alaska: 63%
Kotzebue Training Center: 11%
Alaska Vocational Technical Center: 22%
Galena Project Education Training Center: 4%

In 2004:

University of Alaska: 55%
Kotzebue Training Center: 11%
Alaska Vocational Technical Center: 22%
Galena Project Education Training Center: 4%
Southwest Alaska Vocational Education Center: 4%
Yuut Elitnaurviat, Inc., People's Learning Center: 4%

In 2008:

University of Alaska: 45%
Kotzebue Training Center- Alaska Technical Center: 9%
Alaska Vocational Technical Center: 17%
Galena Project Education Training Center: 4%
Southwest Alaska Vocational Education Center: 3%
Yuut Elitnaurviat, Inc., People's Learning Center: 9%
Delta Career Advancement Center, Partners for Progress
Delta, Inc.: 3%
Amundsen Educational Center: 2%
Northwestern Alaska Career and Technical Center: 3%
University of Alaska Southeast: 5%

MS. CARRICK directed attention to slide 7, entitled "Current TVEP Recipients," which read as follows [original punctuation provided]:

In 2014 and again in 2017:

Statewide: University of Alaska: 45%
Kotzebue: Alaska Technical Center: 9%
Seward: Alaska Vocational Technical Center: 17%
Galena: Galena Project Education Training Center: 4%
Dillingham: Southwest Alaska Vocational Education
Center: 3%
Bethel: Yuut Elitnaurviat, Inc., People's Learning
Center: 9%
Delta: Partners for Progress Delta, Inc.: 3%
Kenai: Amundsen Educational Center: 2%
Nome: Northwestern Alaska Career and Technical Center:
3%
Utqiagvik: Illisagvik College: 5% (Added in 2014)

[4:00:17 PM](#)

REPRESENTATIVE STUTES asked if the Illisagvik College in Utqiagvik is part of the University of Alaska system. She also asked what Partners for Progress Delta, Inc. is.

MS. CARRICK said Illisagvik College is a private institution that's not part of the UA system and Partners for Progress is a vocational center.

MS. CARRICK returned attention to the table exhibited on slide 8, entitled "TVEP Distributions." She explained that the table displays the current TVEP distributions including the proposed distributions for FY2021 for each of the recipients.

[4:01:16 PM](#)

REPRESENTATIVE STORY asked Ms. Carrick to highlight the changes, if any, from 2017.

MS. CARRICK asked if Representative Story is referring to the percent of distribution or the actual dollar amount.

REPRESENTATIVE STORY said the percent of distribution, if any has changed.

MS. CARRICK reported that percentages have not changes since 2014. She explained that there was a reauthorization in 2017 that kept the current percentages. The only change, she said, is that the governor's supplemental budget offers additional funding from the unemployment insurance base to bolster this year's distribution, which is why it's slightly higher than the formula.

CHAIR SPOHNHOLZ asked how much higher.

[4:02:44 PM](#)

REPRESENTATIVE WOOL offered his understanding that it was the additional allocation to Alaska Vocational Technical Center (AVTEC) of 4 million dollars.

[4:03:22 PM](#)

REPRESENTATIVE HANNAN asked if the average annual wage in Alaska has fluctuated in the last four years and how that affects the TVEP program.

REPRESENTATIVE WOOL deferred to Lennon Weller.

[4:04:24 PM](#)

LENNON WELLER, Economist/Unemployment Insurance Actuary, Research & Analysis Section, Department of Labor & Workforce Development, in response to Representative Hannan, confirmed that the taxable wage base fluctuates. He said that four years ago, there were two years of decline in the taxable wage base; however, over the last several years it has been steadily increasing at approximately \$600 per year, which should continue into the near future.

REPRESENTATIVE HANNAN asked what happens "when we have a specific budget line item that's increasing one of the parties receiving the TVEP distributions, how does that go into the calculations to everybody else's allocations. Does it skew them - do they still get the same percentage and AVTEC's just getting that specific \$4,000 but that's part of their 17 percent or is that additional to their 17 percent."

MS. CARRICK offered to follow up with the requested information. She offered her understanding that because this was funding in the supplemental and this formula is in statute, "they would still receive however much they would have received through the formula. In addition, they are also receiving the funds the governor has added in the supplemental."

[4:06:48 PM](#)

REPRESENTATIVE STORY pointed out that there are more career tech programs coming online in Alaska. She asked at what point they should get added to TVEP. She said this is a question that will need to be looked at thoroughly in the future.

REPRESENTATIVE WOOL in response to Representative Hannan, explained that TVEP is only one funding source for the entities, adding that they all receive funding from other sources.

[4:10:11 PM](#)

TERI COTHREN, Associate Vice President, Workforce Development, University of Alaska, provided a PowerPoint presentation, entitled "University of Alaska Technical Vocational Education Program." She informed the committee that the presentation will offer an overview of how TVEP is managed at the university and provide examples of what the funds are used for, as well as the

outcomes it contributes to. She stated that UA is one of the most comprehensive providers of workforce development, delivering 92 percent of postsecondary education in Alaska through three separately accredited universities and 13 community campuses. UA manages its TVEP funds as a single allocation within the university system. The program is administered through a competitive RFP process by the UA workforce development committee. The funding is distributed as the result of a process that is inclusive of all campuses and programs in the UA system that meets the following funding priorities: align with TVEP statutes, responsive to the industry, strategic one-time infrastructure/equipment investments, and develops and enhances partnerships. It is also requested that the proposals demonstrated the ability to garner match funding or a plan for maintaining the program beyond TVEP funding. Specifically, TVEP is to be used at the university as a short-term funding source to initiate or enhance workforce development programs.

MS. COTHREN directed attention to two charts on slide 4, entitled "UA FY19 TVEP - \$4.9M Funding Distribution." She pointed out that TVEP supports high priority industries in Alaska, including the health industry at 34 percent. Furthermore, funding is distributed across all six economic regions of the state. She continued to slide 5, noting that UA TVEP served a total of 4,492 students in FY19. She proceeded to give specific examples from slides 6-12 of how TVEP supports UA's ability to be responsive to Alaska's high demand industries, as follows [original punctuation provided]:

Oil & Gas - TVEP Investments & Outcomes

INVESTMENTS

- Expand access to fabrication, manufacturing, and 3D printing
- Improve welding program alignment across campuses
- Develop/deliver BS degree in Occupational Safety & Health
- Lease of state-of-the art shop and classroom space for process technology
- Well Control training

OUTCOMES

Time period: FY17-19

TVEP Investment: \$1.9M

Graduates: 1,937

Mining - TVEP Investments & Outcomes

INVESTMENTS

- Delivery of hard skills mine training camps
- Millwright program expansion - dual enrollment and statewide delivery through partnerships

OUTCOMES

Time Period: FY17-19

TVEP Investment: \$704K

Graduates: 335

Health Sciences - TVEP Investments & Outcomes

INVESTMENTS

- High-demand health program development and/or expansion
- State-of-the-art simulators and instructional technology
- Student-centered advising, tutoring, and summer bridge programs
- Pre-medicine programs

OUTCOMES

Time Period: FY17-19

TVEP Investment: \$4M

Graduates: 2,011

Aviation - TVEP Investments & Outcomes

INVESTMENTS

- Airplanes, equipment, and technology upgrades
- Flight simulator
- Aviation maintenance apprenticeships

OUTCOMES

Time Period: FY17-19

TVEP Investment: \$290K

Graduates: 327

Maritime - TVEP Investments & Outcomes

INVESTMENTS

- Maritime program development and expansion
- Development of career awareness resources
- Equipment and technology upgrades
- Portable maritime training to expand access

OUTCOMES

Time Period: FY17-19

TVEP Investment: \$2M

Graduates: 3,000

MS. COTHREN, in conclusion, turned to slide 13. She stated that UA strongly supports the reauthorization of TVEP. State funding, including TVEP, will continue to be critical to UA's

ability to create pathways, deliver programs, and provide professional development to meet Alaska's workforce needs.

[4:19:44 PM](#)

REPRESENTATIVE FIELDS questioned whether the university tracks both completions and employment in industries of training.

MS. COTHREN said the university works with research and analysis at the Department of Labor & Workforce Development (DLWD) to look at those metrics. She said the annual TVEP report that the legislature receives is specific to TVEP but also speaks to employment and wage outcomes for TVEP.

REPRESENTATIVE FIELDS sought to clarify whether the measurement among TVEP programs is consistent across recipients.

MS. COTHREN confirmed that.

[4:20:43 PM](#)

CHAIR SPOHNHOLZ announced that HB 235 was held over.

HB 229-HEALTH INFORMATION/DATABASE/PUBLIC CORP.

[4:21:05 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 229, "An Act establishing the Alaska Health Care Transformation Corporation; relating to an all-payer claims database; and providing for an effective date."

[4:21:54 PM](#)

SANDRA HEFFERN, Project Coordinator, Alaska Healthcare Transformation Project, began by discussing the numerous efforts to address Alaska's health care system by the last three administrations. She noted the Alaska Healthcare Commission under the Palin administration that studied issues related to health care in Alaska and reported recommendations and activities to the legislature. The commission was defunded in 2015 and is no longer active. Additionally, under the Parnell administration there was a Medicaid taskforce in 2010, as well as a Medicaid reform advisory group in 2014. The purpose of those groups was to look at the stability and predictability in budgeting, increase the ease and efficiency of navigating the system by providers, and provide whole care for the patient by

uniting physical and behavioral health treatment. She also mentioned SB 74, the omnibus Medicaid reform bill that was signed into law in 2016 during the Walker administration. She said that while there have been incremental improvements, the Anchorage Economic & Development Corporation found that since 2010 the rising cost of employee health has been reported as the number two issue in hindering business growth. Furthermore, the cost of health care in Alaska continues to be close to the most expensive in the U.S. She reported that the per capita spending on health care is higher than other high-income countries, which could lead one to believe that Alaska has some of the highest health care costs in the world.

MS. HEFFERN directed attention to her PowerPoint presentation, entitled "Alaska Healthcare Transformation Project." She informed the committee that the Alaska Healthcare Transformation project is a cross sector collaboration of payers, providers, policymakers, and patient advocates working together to transform Alaska's health care system (slide 2). The project management committee consists of 7 people, including Representative Spohnholz and Senator von Imhof. The committee's role is to provide overall direction, guidance, and support to the project, and to monitor it to ensure successful delivery of expected outputs and outcomes within the scope and budget (slide 3).

[4:27:20 PM](#)

REPRESENTATIVE FIELDS asked how many of the project management committee members' employers have endorsed the current version of HB 229.

MS. HEFFERN replied that both the Mat-Su Health Foundation and the Alaska Primary Care Association support HB 229.

[4:28:31 PM](#)

REPRESENTATIVE STUTES asked if HB 229 is meant to be a precursor to health care reform.

MS. HEFFERN said to effectuate change within Alaska's health care system with a small population, it will require looking at the entire health care system rather than just one siloed area, like Medicaid.

REPRESENTATIVE STUTES questioned whether the intent of this project is to reform the health care system to work more efficiently.

MS. HEFFERN answered yes, the focus is to look at the entire health care system instead of focusing only on one area.

CHAIR SPOHNHOLZ clarified that the Alaska Healthcare Transformation Project's effort is to transform the entire health care system; however, the all-payer claims database (APCD) will not necessarily do that work. She reiterated that they are discussing two separate topics.

[4:31:16 PM](#)

MS. HEFFERN resumed her presentation. She related the projects vision, which is to improve Alaskan's health while also enhancing patient and health professional's experience of care and lowering the per capita health care growth rate (slide 4). The project's guiding principles are to focus on improving individual and population health, consider health coverage with common basic benefits for all, focus on whole person and integrated systems of care, use evidence-based practices, and recognize the effect of social determinants of health (slide 5). She went on to paraphrase slide 6, the project's goals, which read as follows [original punctuation provided]:

Healthy Alaskans:

- The percentage of Alaskan residents with a usual source of primary care will increase by 15% within five years

Healthy Economy:

- Reduce overall per capita healthcare growth rate to the greater of 2.25% or CPI within five years

Everybody's Business:

- Align all payers, public and private, towards value-based alternative payment models with streamlined administrative requirements within five years

MS. HEFFERN directed attention to a graph on slide 7, entitled "Alaska Healthcare Per Capita Growth Rate." She stated that from 1991 to 2014 the health care cost growth rate was 7.8 percent in Alaska compared to 6 percent in the U.S., indicating that medical prices in Alaska are growing faster than in the rest of the country. The Alaska Healthcare Transformation Project narrowed its focus to five strategy areas: increasing primary care utilization, coordinating patient care, changing

the way health care is paid for in Alaska, increasing data analytics capacity, and addressing social determinants of health (slide 8). The project gathered a strategy development team that decided to assemble the previous work that had been done in Alaska. Slide 6 highlights the research compiled by the NORC, which read in its entirety as follows [original punctuation provided]:

- **Meta-Analysis.** Identify and assess a group of Alaska-focused reports and studies issued over the past decade (2008 to the present) that focus on delivery system reform related to the triple aim of improved health, improved quality of care and experience with care delivery (for patients as well as the health care workforce), and reduced per capita costs.
- **Alaska Historical Project Scan.** Identify and assess selected delivery system reform experiments in Alaska over the past decade (2008 to the present), with priority to characterizing regional innovation within the state.
- **National Scan.** Develop case studies for selected states where delivery system reform relevant to Alaska's five key topics of interest offers lessons for prospective innovation.
- **Drivers of the Health Care Costs and Spend in Alaska.** Review health care spending in the state and the prospects and limitations of available data sources that would support a fine-grained analysis of cost drivers relevant to these reforms. Based on this review, prepare a set of estimates of potential reform-related savings and a draft roadmap with proposed short-term (within one year) and long-term steps that comprise one or more pathways to reform.

MS. HEFFERN reported that they narrowed eight NORC recommendations down to three areas: set multi-payer goals for value-based payment using the Health Care Payment Learning Action Network framework; develop the details, parameters, and build consensus around the collection of cost and quality data and ensuring sufficient analytic capacity to effectively analyze and use the data; and determine the structure and responsibilities of leadership governance (slide 10). From those recommendations, she said, they decided to consider an all-payer claims database (APCD). The recommendation was to develop a corporation that was connected to state government while remaining dependent of state government. She stated that

the result is HB 229. In closing, she said Alaska is not alone in its efforts to collect, analyze, and report health care data. Nationally, people are trying to get a handle on the cost of health care and an APCD is one of the ways to do that. She added that President Trump issued an executive order in June 2019, with the focus on improving price and quality transparency in American health care.

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MS. HEFFERN said, in closing, there are states in the process of transforming or reforming their health care system that have utilized their health care cost data to set a statewide growth rate, which can't be done without data. She reiterated that the recommendation for establishing an APCD would require a trusted entity so all parts of the health care industry would support the information and the story that the data is telling.

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REPRESENTATIVE HANNAN asked where Mark Foster derived the data for his study, which found that Alaska has spent \$8.5 billion on health care.

MS. HEFFERN said she can provide a copy of that report, which cites all his references. She added that it further supports the need for an APCD.

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REPRESENTATIVE FIELDS questioned whether the project has performed an analysis to find the percentage of rising health care cost that is related to Alaska's aging population. He offered his understanding that it's the most rapidly aging population on a per capita basis in the country.

MS. HEFFERN replied they couldn't get to that level of detail because they couldn't get their hands on the data.

REPRESENTATIVE FIELDS questioned whether it's possible to establish an all or most-payer claims database with or without a corporation.

MS. HEFFERN opined that an APCD could be established in several different ways. Other states have done it through an office of financial management, division of insurance, healthcare authority, and a nonprofit organization. The issue is finding a

trusted entity that everyone in the state will trust to produce accurate and fair data that won't be used against them.

REPRESENTATIVE FIELDS asked how many states have a something like the project's proposed corporation that has regulatory power.

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NORM THURSTON, Executive Director, National Association of Health Data Organizations, addressed questions from the previous bill hearing. First, he said of the 10 smallest states by population, four of them have all-payer claims databases. He noted that this has traditionally been a movement coming out of the smaller states and into the larger states. Second, he said states that have a good relationship with the business community tend to do very well, some getting upwards of 30-40 percent of businesses to participate voluntarily. He said it's not unreasonable to think that a state like Alaska could easily be at 60 percent of its population with the possibility of going much higher.

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REPRESENTATIVE STUTES asked of the states that participate in all-payer plans, how many have shown quantifiable savings in their medical expenses.

MR. THURSTON stated it's a difficult question to answer because data is collected, analyzed, and released, followed by the cost - not decreasing - but increasing less rapidly, which is bending the cost curve down. He approximated that one-third of the participating states have had a major strategic effort to use the data to bend the cost curve with varying degrees of success.

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REPRESENTATIVE FIELDS inquired as to how many states have corporations with regulatory power that manage their all-payer claims databases.

MR. THURSTON said he does not know. He noted that Colorado has an independent regulatory agency that has the ability to make rules of its governance. Mr. Thurston informed the committee that he is a legislator in Utah, adding that most of the APCDs can regulate within their sphere to set standards for data submission and enforce compliance.

REPRESENTATIVE FIELDS asked how many of the 20 states manage their APCDs through some entity within state government versus a standalone corporation.

MR. THURSTON approximated that half of them are embedded in a state agency, while the other half do something else.

REPRESENTATIVE FIELDS asked how much it costs those states with a standalone corporation.

MR. THURSTON recounted from his experience in Utah that the core operations of a database costs roughly \$600,000. He added that the database costs the same regardless of the population. He said it would be consistent as a fixed cost of operations.

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REPRESENTATIVE HANNAN inquired as to the first state to have an APCD.

MR. THURSTON offered his belief that Maine and Massachusetts were the pioneers.

REPRESENTATIVE HANNAN questioned whether APCDs have addressed policy issues related to people leaving a jurisdiction for medical cost reasons.

MR. THURSTON said he is not aware of any state where that has been a policy priority.

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REPRESENTATIVE FIELDS asked of the 20 states with an APCD, which is most similar to Alaska in the sense that there are a low percentage of people with private health insurance plans and a high percentage of residents on IHS health care, tri-care, and Medicaid.

MR. THURSTON answered New Mexico.

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REPRESENTATIVE STORY asked what the framework is for creating an APCD within a state department.

MR. THURSTON explained that the Utah APCD is a bureau within the Utah Department of Health. He said it's a sister agency to the Medicaid agency and is set up with a bureau director that reports to a division director. He said Utah's APCD is the quintessential example of an APCD embedded within the government. He added that most of the work is done by a contracted vendor, leaving the [Utah] Department of Health to focus mainly on project management.

REPRESENTATIVE STORY asked how much that costs.

MR. THURSTON said the contracted cost for an outside vendor is roughly \$400,000 per year. Furthermore, there's the agency staff to manage the contract and analyze the data.

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CHAIR SPOHNHOLZ asked if there are other states that have put their APCD within another agency like, for example, the Division of Insurance.

MR. THURSTON said in Arkansas they developed everything in the Arkansas Center for Health Improvement, which is part of the state government. He noted that Arkansas doesn't do any contract outsourcing at all.

CHAIR SPOHNHOLZ asked for the advantages and disadvantages of both routes.

MR. THURSTON explained that the advantage of using an outside vendor is that the technology already exists, which makes it easier to set up. He added that the analytics tools that an outside vendor offers will be much more powerful than a state could develop on its own. The disadvantages of working with an outside vendor is the lack of stability.

REPRESENTATIVE FIELDS asked if there is a consistent time lag in the data.

MR. THURSTON stated that most states now have monthly submission processes, so claims that were processed in January would be submitted to the APCD by February 15th. Subsequently, by the end of March, the January payments should be available in a preliminary format. He noted that the lag is not as big on the data collection and processing site as it is on the claim payment site. Most states allow claims to be submitted for payment up to one or two years after service is rendered. He

added that any service provided in October would be ready for examination in six months.

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JOHN CULLEN, MD, Valdez Medical Clinic, LLC; Board Member, Alaska Academy of Family Physicians, stated that the American Academy of Family Physicians is in favor of an APCD. He reported that he has seen it work in practice, adding that it's a necessary step towards health transformation. He said that family physicians have a strong interest in reducing the cost of health care for their patients. He noted that other states have had success with mandatory primary care investment. He offered his belief that creating an APCD is a necessary first step in figuring out why the cost of health care is so high.

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REPRESENTATIVE FIELDS surmised that much of the high cost of health care in America is related to federal policies that allow "big pharma" to consistently rip people off and private health insurers that have higher administrative costs compared to Medicaid, for example. He questioned what is within the state government's control versus what is outside its control at the federal level. He asked where the relative opportunities for achievable cost saving rests.

DR. CULLEN opined that the reason America's health care is so expensive is due to pharmaceutical costs, administration costs, and high-volume/high-cost procedures, like MRIs and CT scans. He said from a primary care perspective, having an APCD that could provide information on which of those procedures are excessively expensive could help them better choose the right providers for their patients. He added that the administrative and pharmaceutical costs are controlled at the federal level.

REPRESENTATIVE FIELDS expressed interest in state innovation regarding high drug prices in the context of this conversation.

CHAIR SPOHNHOLZ noted that Alaska's health care costs have grown significantly more than the rest of the country. She said it would be difficult to argue that those are completely driven by the federal government. She pointed out that Alaska adopted several rules that were designed to incentivize increased access to specialty care by allowing specialists to increase their rates, which has increased access to Alaska for specialists,

like cardiologists and pulmonologists, while also growing the cost of health care in the state.

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LAURA YOUNG, Executive Director, HealtheConnect Alaska, explained that HealtheConnect is the health information exchange for the state of Alaska that was set up under SB 133 and has been in operation since 2013. The organization is public, nonprofit, and independent and has a similar structure and governance as the "health care transformation corporation" that is being proposed. HealtheConnect collects and exchanges real time clinical data versus claims data. She said it's their believe both efforts should be complementary. She further noted that they've set standards for how data is collected and exchanged and established privacy and security requirements. To conclude, she offered her belief that "the independent, neutral organization of such an effort is really critical rather than aligning it to any one entity or agency is crucial for keeping the data neutral."

[5:18:19 PM](#)

[HB 229 was held over.]

[5:18:59 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:18] p.m.