

SENATE FINANCE COMMITTEE

March 9, 2020

9:02 a.m.

9:02:39 AM

CALL TO ORDER

Co-Chair von Imhof called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Lyman Hoffman
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Zach Fields, Sponsor; Tristan Walsh, Staff for Representative Zach Fields; Clinton Lasley, Deputy Commissioner, Department of Health and Social Services; Brad Rider, Self, Juneau; Janet Henderson, Self, Juneau

PRESENT VIA TELECONFERENCE

Ave Thompson, Self, Anchorage; Lew Tobin, Pioneers of Alaska, Nome; Thelma Kay Andrew, Pioneer Igloo 16 & 17, Ketchikan LIO; David Karp, Citizen, Nome; Katherine Bishop, Local Organizing Ministry St. Michaels, Palmer; Lynn Willis, Self, MatSu LIO; Cris Eichenlaub, Self, Eagle River

SUMMARY

SB 123 ELECTRIC RELIABILITY ORGANIZATIONS

CSSB 123(RBE) was REPORTED out of committee with a "do pass" recommendation and with one new zero

fiscal note from the Department of Commerce, Community and Economic Development.

HB 96 PIONEERS' HOME AND VETERANS' HOME RATES

HB 96 was HEARD and HELD in committee for further consideration.

#sb123

SENATE BILL NO. 123

"An Act relating to the regulation of electric utilities and electric reliability organizations; and providing for an effective date."

[9:03:23 AM](#)

Co-Chair von Imhof read the title and requested a review of the fiscal note.

Co-Chair Stedman reviewed a new zero fiscal note from Department of Commerce, Community and Economic Development, OMB Component 2417. He read from the fiscal analysis on Page 2:

SB 123 gives the Regulatory Commission of Alaska (RCA) new authority to certify electric reliability organizations, including the ability to form an electric reliability organization (ERO) if the RCA determines no person has applied for certification as an ERO. SB 123 provides a funding mechanism for, and permissible composition of, the governing board of an ERO.

Co-Chair von Imhof noted that invited testifiers were online to answer questions. She relayed that the committee had heard the bill on Tuesday, March 3rd, and had reviewed the multi-step process the bill had gone through to get to this point. She solicited further comments or questions from the committee.

Co-Chair Stedman MOVED to report CSSB 123(RBE) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 123(RBE) was REPORTED out of committee with a "do pass" recommendation and with one new zero fiscal note from the Department of Commerce, Community and Economic Development.

[9:05:57 AM](#)

AT EASE

[9:08:13 AM](#)

RECONVENED

#hb96

CS FOR HOUSE BILL NO. 96 (FIN)

"An Act relating to Alaska Pioneers' Home and Alaska Veterans' Home payments, rates, and services."

Co-Chair von Imhof relayed that the bill was being heard for the first time. She noted that Senator Wilson had joined the meeting.

[9:09:10 AM](#)

REPRESENTATIVE ZACH FIELDS, SPONSOR, thanked the committee and the senate co-sponsors of the legislation.

Representative Fields discussed the presentation "An Act Relating to Alaska Pioneers Home and Alaska Veterans' Home Rates - CSHB 96" (copy on file).

Representative Fields looked at Slide 2, "Goal of House Bill 96":

- Maintain Pioneer Home's commitment to Alaska's elders
- Stabilize revenue and improve financial sustainability of Pioneer Homes
- Provide certainty and predictability to residents and department

Representative Fields reminded the committee that the bill would correct a recent very large rate increase and provide predictability into the future for pioneer home residents. He noted that the bill had been introduced before the rate increase had taken affect.

[9:10:21 AM](#)

Representative Fields spoke to Slide 3, "Committee Substitute for House Bill 96":

- Adjusts rates for inflation since 2004
- Adds Levels IV and V to be consistent with Agnew Beck Report and SB74
- Allows for the Pioneer Home Division's suggested index, Social Security Cost of Living Adjustment
- Passed 35-4 in House of Representatives

Representative Fields explained that between 2004 and 2018, rates at the pioneer homes had not kept pace with inflation. The bill too into account inflation and represented a rate increase relative to 2018, at a more modest increase than the one implemented by the current administration. He relayed that the adjustment of rates to up to the Social Security Index rate of inflation would provide greater predictability and certainty. He lamented that the previous regulatory process for adjusting rates had produced uncertainty and loss in the value of the rates overtime. He reiterated that the bill had passed the house before the administration's large rate increases had been advertised, but after they had taken effect in Summer 2019. He spoke of the bill's vote numbers on the house side during the previous session.

[9:11:38 AM](#)

Representative Fields referenced Slide 4, " Pioneer Homes: Background":

- Established in 1913
- Originally created as home for indigent men as Territory of Alaska grew and aged
- Expanded throughout the 20th Century: there are currently homes in Sitka, Fairbanks, Palmer, Anchorage, Ketchikan and Juneau
- Population in 2019 was 592
- Rates currently adjusted by regulation
- 2004-2018 Inflation rose 30%, but rates only rose 15%. In 2019, rates rose as high 140%.

Representative Fields shared that the Palmer Pioneer's Home had become a Veteran's home approximately 2 years ago and was a prime example of how the homes had adapted to the changing needs of Alaskan elders.

[9:12:28 AM](#)

Co-Chair Stedman took note of the vote number in the house and thought that the numbers were irrelevant. He stressed that the senate would follow its own process.

Representative Fields appreciated Co-Chair Stedman's perspective.

[9:13:08 AM](#)

Representative Fields turned to Slide 5, "Resident Population," which showed a bar graph entitled 'Payer Source' that depicted the number of residents by the source of payment. He commented that before the rate increases had taken affect most residents were self-pay, which meant that they paid the advertised rate out-of-pocket. He pointed out that since the rate hikes had taken affect, there had been a significant decline in the number of residents that were self-pay. He said that there was a corresponding increase in the number of residents that were on payment assistance. He said that during public testimony many people had testified that they did not want to go on pay assistance, but the large increases made it impossible for people to self-pay. He thought another problem was an adverse selection process, in which fewer people could self-pay, resulting in a larger financial burden on the state.

[9:14:58 AM](#)

Co-Chair Stedman requested further detail on the Payment Assistance portion of the bar graph.

Representative Fields stated that prior to the previous year, the Pioneer Homes did not have separate budget line items for operations and payment assistance. The administration had broken the two items out in a new way, which did not materially change the way that the homes operated. He explained that payment assistance was just subsidies to residence who could not afford to pay the advertised rates. Fewer residents were self-pay and were being subsidized by the state.

[9:16:38 AM](#)

Co-Chair Stedman disclosed that he had two family members currently in Pioneer Homes utilizing payment assistance. He

thought it would be nice to explain the nature of payment assistance. He said that once a person had liquidated all their assets, they could go on payment assistance. He understood that when a resident went up to care Level III, Medicaid would be limited to \$2000. He noted that people in Level I care were moving out of the Pioneer Homes because of the rate increase.

Co-Chair Stedman wanted the sponsor to discuss the pay structures and care levels in order to have a full understanding of the potential burden on seniors.

Co-Chair von Imhof reiterated there were two people available to testify once the presentation was completed.

[9:19:41 AM](#)

Representative Fields thought that one of the problems with the payment assistance structure and forcing asset liquidation, did not work for married couples where one person was in the Pioneer Home and one was not. He had heard from many people in the situation and considered it a good thing when a spouse could live independently and even help pay the rates. He did not believe that it made sense to force people to liquidate their assets to afford care.

[9:21:04 AM](#)

Co-Chair Stedman stated that he was unaware of a scenario described by Representative Fields. He thought there were nuances that were important to understand. He thought there might be individuals listening to the hearing that might be affected by what they heard during committee meetings. He reiterated that he had not had any constituents express the scenario described by the bill sponsor.

Co-Chair von Imhof thought in the last two years there had been a big difference in rates and was curious about corresponding resident behavior. She noted that there had been a change from three levels of care to five levels of care. She wondered about changes in resident behavior due to the care level changes.

[9:24:02 AM](#)

Representative Fields considered Slide 6, "CSHB 96":

Proposed Levels of Care:

Level I: \$2,976/mo

Level II: \$5,396/mo

Level III: \$7,814/mo

Level IV: \$8,500/mo

Level V: Rate to be determined by the Department to reflect the cost of care for services listed and complex behavior management

- Rates serve as base starting point, adjusted for inflation from 2004
- Rate increases may be annual, and will be capped at the most recent Social Security Cost of Living Adjustment
- Allows rates to more consistently track inflation-based increases in cost of care

Representative Fields shared that before the rate increases there had been three levels of care; there were now five levels of care. He referenced a 2018 report by Agnew:Beck Consulting entitled "Staffing Plan + Cost Impact Analysis for the Alaska Pioneer Homes," (copy on file). He continued that there were different opportunities to bill at a higher rate for higher care levels. He said that this level of care had not existed in Pioneer Homes before; the Anchorage Pioneer Home was in the process of adding a Behavioral Health wing. He said that the bill did not cap rates at Level IV. He thought it was worth noting that for Level IV care, given the acuity of the care, some of the residents could transfer from the Alaska Psychiatric Institute (API) to Pioneer Homes, which could be a savings to the state. He said that the lower four levels were capped.

Co-Chair von Imhof wondered who determined the levels of care and who would determine when a patient had graduated from one level to another and therefore another price range.

[9:26:54 AM](#)

Representative Fields stated that the bill put the five levels of care into statute, it would be a departmental decision to move a patient up in care when the acuity of care increased. He had heard that families sometimes disagreed with the assignment.

[9:27:53 AM](#)

Representative Fields displayed Slide 7, "Complexity of Care":

Current Levels

Level I: Services include housing, meals, emergency assistance, recreation, home activities

Level II: Services include all Level I services plus Medicaid administration, health related services, staff assistance, incl assistance with daily living, supervision, reminders. (Non-night shift)

Level III: Services include all services of Level I and Level II, with 24- hour hands-on assistance provided.

Proposed Levels

Level I: Services include housing, meals, emergency assistance, and recreation.

Level II: Services include Level I services and medication administration, health related services, and intermittent assistance with activities of daily living.

Level III: Services include Level I and Level II services as well as extensive assistance with activities of daily living.

Level IV: Services include Level I, II, and III, as well as nursing services for 24 hour a day, and intermittent behavior management.

Level V: Services include all those included in Levels I-IV, as well as extensive behavior management.

[9:31:05 AM](#)

Co-Chair von Imhof wondered whether moving from regulation to statute would compromise flexibility.

[9:31:32 AM](#)

Representative Fields replied that it was a potential risk. He said that when crafting the regulation, he focused on balancing providing certainty on rates, while also adapting to changing circumstances in the population. He believed that the expanded levels of care reflected the current population, but he could not speak to 20 years from now.

[9:32:08 AM](#)

Representative Fields highlighted Slide 8, "Rates and Impacts," which showed a bar graph entitled 'Pioneer Home Rates,' and an article cover page entitled 'Pioneer Home residents and families struggle with 'heartbreaking decisions after rate increase.' He shared that the blue lines represented the old rates for Levels I-III of care, the orange bars reflected the administration's rates for Levels I-V, and the green bars showed the rates as defined in the bill. He pointed out that the green bars showed a more modest change in the rates. He highlighted that one of the stressors on families was the impact of the rate increases as the patient changed levels. He discussed the article headlined on the right-hand side of the slide. The story detailed struggles with the recent destabilizing rate increases.

[9:34:39 AM](#)

Senator Hoffman asked about the effective date of the legislation and the implementation of the rates.

[9:34:52 AM](#)

Representative Fields replied that the bill was introduced when the rates were advertised. He remarked that there was a conversation with the Legislative Legal Division that had suggested a window of time before the department had to adapt to the new rates. He did not object to adding an effective date and deferred further questions to legislative legal.

[9:35:41 AM](#)

Co-Chair von Imhof surmised that there would not be a CS introduced that included an effective date.

[9:35:46 AM](#)

Representative Fields replied that it would be unnecessary.

[9:35:59 AM](#)

Co-Chair von Imhof remarked that the extrapolation of numbers on Slide 8 began in 2004 and wondered why that year had been chosen.

[9:36:18 AM](#)

Representative Fields replied that he wanted a reasonable time horizon, he thought 15 years was reasonable.

[9:36:52 AM](#)

Representative Fields looked at Slide 9, "Cost of Long-Term Care in Pacific Northwest." He stated that residents looked for other options after the rate increase. He acknowledged that the background was complicated, there was not a market replacement for Pioneer Homes. He said that there were market alternatives for people in Pioneer Homes who had Level I care, such as assisted living or in-home care. He said that the slide examined the relative cost of care for assisted living and nursing homes in the Pacific Northwest region, and in Alaska. He relayed that assisted living programs with lower levels of acuity of care, which in Pioneer Homes would closely approximate with Levels I and II of care, the cost in the Pacific Northwest ranged between \$5,000 and \$6,000. He said that Levels III through V was more like nursing home care, in terms of acuity of care; however, Pioneer Homes were assisted living facilities and did not bill at a Medicare rate. Pioneer Homes provided nursing home care at higher levels, while billing at the Medicare reimbursement rates. He shared that some portions of some Pioneer Homes used to be nursing homes but lost certification because facilities did not meet current Americans with Disabilities (ADA) requirements. He related that some facilities had investigated renovations to have part of certain Pioneer Homes be nursing homes. He shared that Agnew Beck had produced a report that had revealed possibilities of nursing care in Pioneer Homes. He said that under HB 96, competitive rates would be maintained at lower levels of care, higher levels of care would be more expensive than market rates for assisted living homes. He warned against an adverse selection process that forced out self-pay residents, inadvertently creating a larger state cost year after year.

[9:40:13 AM](#)

Senator Wilson had talked to the sponsor about the fact that although the Pioneer Homes were not nursing homes, skilled nursing level services were provided within the facilities. He spoke of the CPI increases, the cost of

living and the cost of healthcare in the state and wondered whether those numbers had been considered.

[9:41:09 AM](#)

Co-Chair Stedman noted that smaller areas of the state did not have nursing home and assisted living options and thought that the numbers on the slide were applicable to Anchorage - but not all areas of the state.

Co-Chair von Imhof agreed. She stressed the importance of designating the differences between a nursing home and assisted living: the types of care, cost, demographics of patients served, and reimbursement rates. She felt that other states had been more successful in recognizing the two types of care. She thought that both types of care could happen in the same facility and recognized that upgrades would need to be done at the cost of the state. She felt that it should be recognized that the state's population was going to continue to age and that the problem would not go away but would evolve. She reiterated Senator Wilson's question about how the state should grow rates that were fair and accurate of the cost of healthcare in the state.

Representative Fields agreed that Alaska had the fastest growing senior population, per capita, in the country. He cited that there were communities in the state where Pioneer Homes provided half of all total long-term care beds. He noted that the alternative of sending a relative to the Lower 48 could be heartbreaking for a family.

[9:44:50 AM](#)

Senator Bishop asked about the total population of Pioneer Homes.

Representative Fields recalled there were 592 residents the previous year.

[9:45:11 AM](#)

Co-Chair Stedman commented that in his region people lived in the state a long time and did not leave; they stayed in their home until they could no longer live in their home. He emphasized that very few people had the financial means to leave the state for care. He stressed concentrating on

those that could not afford to go out of state for care and reiterated that those that could were a very select few.

Representative Fields agreed.

[9:46:59 AM](#)

Representative Fields addressed Slide 10, "Social Security Cost of Living Adjustment":

- CSHB 96 would link rate increases to the SS COLA.
- Preferred metric for Pioneer Homes, as majority of resident's primary source of income is Social Security.
- Would create stable, predictable rate increases.
- Would allow rates to rise following cost of care and resident's main source of income.

Representative Fields noted that the bill was linked to the social security cost of living adjustment. He felt that there was no perfect CPI for Pioneer homes because of the mix of available types care. He shared that there was a long-term care index that he could share with committee members that was perhaps more reflective of an assisted living type of environment. He reiterated the need for predictability and affordability for those living in Pioneer Homes.

[9:48:38 AM](#)

Co-Chair Stedman liked the direction of the bill. He was concerned with inflation-proofing the rate structure and thought it might make it more difficult for the controlling board to deal with budgets. He thought the committee should give some consideration to whether the rates should be on autopilot or should be reviewed from time to time to reset the rates. He mentioned the difficulty of dealing with the cost drivers in the operating budget.

Representative Fields stated that the bill as written did change the process for rates. The bill allowed the department to change rates, annually and up to the social security cost of living adjustment, without the public comment process. He had thought one potential change to the bill could be advertising those regulations for public review.

Co-Chair von Imhof summarized that the bill allowed the department flexibility to change the rates annually without public input. If the department wanted to raise rates beyond the CPI listed in the bill, the public process would be followed.

Representative Fields explained that under the bill a band within which the department could set rates without going through the public comment process had been set; the band was between zero percent and the social security rate of inflation.

[9:51:52 AM](#)

Co-Chair von Imhof thought that public comment was a checks and balance system for rates. She thought that the legislature would be monitoring the rates from year to year and agreed with Co-Chair Stedman that setting the rates on autopilot was questionable. She lamented that inflation was the "thief in the night."

Representative Fields thought one way to deal with the situation would be to require the department to go through the public comment process. He suggested a sunset date could be added to the bill.

Co-Chair von Imhof thought a sunset date for review was considerable for contemplation.

[9:53:38 AM](#)

Representative Fields advanced to Slide 11, "CSHB 96":

Provides stability for residents and Department

Ensures timely and predictable rate increases

Provides peace of mind for residents

Updated levels of care to reflect aging population

Representative Fields expressed appreciation for the committee's time and expertise. He stressed that the bill reflected the state's aging population and the changing needs for greater diversity of care at Pioneer Homes.

[9:54:41 AM](#)

Co-Chair Stedman requested further detail concerning Page 2, Line 14 of the bill, which referenced a change in the amount of monthly stipend, from \$200 to \$500, a resident could keep while receiving state assistance.

Representative Fields stated that the change was made in the House Finance Committee after it was considered that the stipend amount had not been updated for some time.

TRISTAN WALSH, STAFF FOR REPRESENTATIVE ZACH FIELDS, recalled that the last time the stipend had been updated was in 2011.

Co-Chair Stedman offered personal feedback on the amount. He explained that the biggest portion of most people's wealth over a lifetime was their home, and a transfer of that equity as use for payment for the services of a Pioneer Home was the practice. He considered that some used the state assistance (currently \$200 per month) stipend for frivolities and thought that the amount was reasonable. He did not believe that \$500 was applicable when the cap for receiving assistance was \$10,000, or under, in assets.

[9:58:22 AM](#)

Senator Olson thanked the sponsor for putting the bill forward. He considered the question of the monthly stipend and calculated that an increase would be beneficial. He was in favor of the \$500 stipend, which equated to approximately \$17 per day.

[9:59:25 AM](#)

Mr. Walsh addressed a Sectional Analysis for CSHB 96 Version S (copy on file):

Section 1. This section amends AS 47.55.020(b), the statute regarding admission to a Pioneer Home, to raise the amount of monthly income a resident may keep for incidental expenses from \$200 to \$500. This section also makes conforming changes to reflect new language added in Section 5 of this bill.

Section 2. This section amends AS 47.55.020(d), the section of statutes relating to payment assistance, to raise the amount of monthly income a resident may keep for incidental expenses from \$200 to \$500. This

section also makes conforming changes to reflect new language added in Section 5 of this bill.

Section 3. This section amends AS 47.55.030(a) the section relating to payment by a resident, with conforming language that reflects Section 5 of this bill.

Section 4. This section repeals and reenacts AS 47.55.030(b), which charges the Department to adopt regulations regarding a monthly rate for Pioneer Home residents, to reflect changes made in Section 5.

Section 5. This section amends AS 47.55.030 by adding a new section, (f). This section works to limit Pioneer Home Rate increases to no more than the rate of inflation, as measured by Social Security Cost of Living Adjustment, using current monthly and daily rates (adjusted for inflation since 2004) as a starting point.

Section 6. This section amends AS 47.55.070, the statute regarding indebtedness of a home resident to the State, with conforming language to reflect the changes made in Section 5 of this bill.

Section 7. This section makes conforming changes, by repealing sections of statutes requiring public notice for proposed rate changes, which could be infrequent. Section 5 of this bill sets this as an annual process.

[10:01:47 AM](#)

Senator Wielechowski was curious how long a person had to be a resident of the state to qualify for a space in a Pioneer Home.

Representative Fields deferred to the department.

[10:03:13 AM](#)

CLINTON LASLEY, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, relayed that in 2018, because rates had not increased commensurate with the cost of providing services for many years, the department had put forward a rate increase of substantial size for the Pioneer Home systems. Rates were increased to cover the cost of care,

and a protective mechanism had been put into place that protected elders who could not afford rates, by allowing for payment from the assistance program. He shared that under statute, elders 65 years of age, or older, who have lived in the state one year, are eligible to move into the system or sign up for the waitlist. he said that the payment assistance program had been established long ago to ensure that any elder who qualified to move into a home, could, regardless of ability to pay. He offered a hypothetical: if an elder moving in at \$13,333, could pay the rate, and did not qualify for Medicaid, they would pay out-of-pocket. If they could not pay the rate there was a formula in place that would consider their assets and marital status and could allow them to apply to the payment assistance program. He said that the portion that the patient could not pay would be subsidized by the state. He said that the department did not generally go after elders for the subsidized amount and that the state might receive the occasional check from an estate after a patient had died.

[10:06:48 AM](#)

Mr. Lasley thought it might be beneficial to the committee for the department to provide an overview of the Pioneer Home systems and how the rating increases had affected the systems. He relayed that in 2019 the earned revenue would be approximately \$7 million more than in previous years due to rate increases. He said that any elder that lived in the homes under the rate structure that went through in FY19, had been subsidized by the state. He explained that if the top level was \$6795 (Level III) the department knew that it cost \$13,333; every elder was being subsidized \$7,000 at Level III. He said that the current payer source mix reflected approximately 8 percent less private pay and an increase of 16 percent in payment assistance.

[10:09:02 AM](#)

Co-Chair von Imhof recalled an earlier conversation about married couples and payment assistance.

Mr. Lasley stated that a single individual living in a Pioneer Home system could have only \$10,000 in personal assets to qualify for assistance. Married couples could have \$98,000 in personal assets and could own a primary

residence; the primary residence would not be counted against the \$98,000.

Co-Chair von Imhof wondered about the choices people would have once they had liquidated all their assets, except their home, and would they be forced to sell their home. She queried what happened to patients when their assets ran out and they were still living in a Pioneer Home.

Mr. Lasley stated that spouses who had a loved one in a Pioneer Home could keep \$3160 of their personal income.

Co-Chair von Imhof restated her question.

Mr. Lasley stated that such a person would qualify for payment assistance. He added that there had been a few instances in which the department had to evaluate whether a person could live off \$3,160 per month. Prior to last year's rate increase, the spousal support was \$2,000. He added that the monthly amount was adjusted to align with Medicaid qualifications.

[10:13:04 AM](#)

Co-Chair von Imhof asked what happened when the Pioneer Homes understood from actuarial data at the start of a person's care that their funds would be depleted before the need for care ended.

Mr. Lasley responded that social workers would work with the family. The family would be private pay until they reached the resource threshold, at which time the department would be helping the family apply for the Medicaid waiver program. He said that at the highest level of care most of the individuals would qualify for the waiver but would also have to meet the financial threshold set by the federal government.

Co-Chair von Imhof asked how much Medicaid would pay, per month, to cover the cost of the highest level of care, approximately \$13,000 per month.

Mr. Lasley stated that the state paid approximately \$7,000.

[10:15:44 AM](#)

Co-Chair Stedman offered his real-world perspective on the Pioneer Home experience. He said that even if a person has the financial resources to get into a home, a person must get on the waitlist, and must be at the top of that list to secure a space. He said some members of his community have been on the waitlist for 20 years. He stressed that the chances of a person new to the state getting on the list and securing a spot was small. He shared that residence in his region who did not sign up on the list early on would find that they were far down on the list when they needed the space. He related that many Alaskans understood that they needed to put family members on the list many years in advance. There was no cost to keep them on the list until a spot became available. He said that the cost of care was significant and that once all assets were liquidated, the system worked with families on running a credit balance while working out how homes could be sold in order to cover costs. He said he had never known of anyone to be thrown out of a home for inability to pay. He reiterated that the home worked with families to work out payment.

Co-Chair Stedman asked about spaces being vacated under Level I care, and what the plan was to supplant the revenue so that rooms were not empty.

Co-Chair von Imhof asked about patients entering under specific care levels.

Mr. Lasley responded that there were two waitlists: active and inactive. Once a person was 65 years of age, and had lived in the state for a year, they could sign up on the inactive waitlist. This meant that at some point in the future it was anticipated that the person would want or need to move into a Pioneer Home.

[10:19:52 AM](#)

Mr. Lasley continued that once the person needed to move into a home they would be moved to the active waitlist, which gave the department the indicator that the person was ready to move into a home within 30 days of signing up on the list. Many individuals had been on the inactive list for many years and many in small communities stayed on the active list for extended periods. The original application date was applied, which was why signing up on the inactive list early was beneficial. He said that 455 elders currently lived in the system; 18 had moved out directly

related to the rate increases, a percentage of which were receiving Level I care. He said that the primary place where elders had moved out were in Anchorage and Palmer.

[10:22:23 AM](#)

Senator Wielechowski asked about the waitlist before and after the rate increase. He wondered how many people had declined to accept an opening due to the increased rates.

Mr. Lasley estimated that there was 5,523 people on the inactive waitlist, where there had been 5,340. There were 139 people on the active waitlist, which had been 210. He noted that part of the reason for the drop in numbers was that 125 to 130 elders passed before their name ever came up on the list.

Co-Chair von Imhof thought there had been some new homes built that were a source of competition.

[10:24:04 AM](#)

Senator Wielechowski asked about the average length of time a person resided in the Pioneer Homes.

Mr. Lasley stated the average length was a little over 3 years.

[10:24:29 AM](#)

Senator Bishop asked whether there was a penalty if someone declined an opening when it became available.

Mr. Lasley stated that if an elder was on the active waitlist and declined an available space, they would be moved to the inactive waitlist for 180 days, after which they could be put back on the active waitlist.

[10:25:34 AM](#)

Co-Chair von Imhof noted the time and announced that the meeting was scheduled to end at 10:30 AM.

[10:25:52 AM](#)

Senator Wilson asked about the number of residents in each level of care.

Mr. Lasley offered to provide the information later.

[10:27:03 AM](#)

AVE THOMPSON, SELF, ANCHORAGE (via teleconference), testified in support of the bill. He shared that his wife was a resident of the Memory Care Unit at the Anchorage Pioneer Home until August 31, 2019. The monthly cost of her residence and assistance at Level iii was \$6795 per month. On September 1, 2019, the Division of Pioneer homes increased her rate to \$13,333, per month: a 96.2 percent increase. He shared that he and his wife were private payers and the cost was funded by retirement income, long-term care insurance, and personal savings. The cost increase drove his wife out of the Pioneer Home. Her replacement would more than likely need state subsidy to pay their bill. He felt that, at this rate, in the long run most of the Pioneer Home residence would be subsidized by public dollars. He lamented that the administration would raise the rates while legislation to reduce rates was still working its way through the legislature. He appreciated that effort to make the user pay for the service but believed that the increases should be moderate and done incrementally.

[10:30:10 AM](#)

Co-Chair von Imhof OPENED public testimony. She encouraged the public to submit written testimony.

[10:30:49 AM](#)

LEW TOBIN, PIONEERS OF ALASKA, NOME (via teleconference), spoke in favor of the bill. He shared that the organization had supported Pioneer Homes since their inception. He said that Pioneer Homes allowed pioneers to live in-state. He felt that the rate increases were unsettling for residents and for those on the waitlists. He stressed that most elders in the state would prefer to remain independent and would move into group living only if forced by circumstance and financial and health problems. He stated that many elders did not have the financial resources to pay increased rates. He stressed that modern life ate up savings quickly. He enjoyed living in Alaska and hoped he would be able to when he needed assistance in older age. He hoped that the rates could be maintained at reasonable levels and increases made in moderation.

[10:36:13 AM](#)

THELMA KAY ANDREW, PIONEER IGLOO 16 & 17, KETCHIKAN LIO (via teleconference), testified in support of the bill. She was a lifelong Ketchikan resident. She discussed concerns with the rate increases. She felt that the increase was unreasonable for those in care and those who would eventually be seeking care. She argued that elders should not have to seek care out-of-state because of cost. She stated that the Pioneers of Alaska played an integral part of starting the Pioneer Homes of Alaska by donating land for buildings. She discussed the history of Pioneer Igloo and Pioneer Home development. She urged support for the legislation.

[10:39:58 AM](#)

DAVID KARP, CITIZEN, NOME (via teleconference), spoke in favor of the bill. He discussed his mother-in-law, a lifetime Nome resident who was a six-year resident of the Pioneer Home. He discussed the recently implemented rate increase. He shared that his mother-in-law had the resources to stay in the Pioneer Home - but for a truncated time due to the increase. He said that his family had found a place to move her, for an increased amount that was still less than the rate increase. He lamented that medical professionals cautioned the family that by moving her to a private facility, her cognitive health would be jeopardized; the family conferred and decided to keep her in the Pioneer Home, even with the increased cost, for the sake of her health. His mother-in-law was a Level 4 resident and had limited cognitive abilities. He appreciated the care she received but worried about the increased cost.

[10:43:09 AM](#)

KATHERINE BISHOP, LOCAL ORGANIZING MINISTRY ST. MICHAELS, PALMER (via teleconference), testified in support of the bill. She encouraged the committee to take action on the bill as soon as possible. She noted that there had been individuals that moved out of the Palmer Pioneer Home and no longer were receiving the care that was needed. She thought the bill would provide predictability of cost, and sustainability of the Pioneer Home systems.

[10:46:16 AM](#)

BRAD RIDER, SELF, JUNEAU, spoke in support of the bill. He thought the state spent a great deal of money on people with self-inflicted issues. He emphasized the importance of Pioneers in the state. He emphasized the importance of taking care of the elders in the state. He stressed that the elderly could not always stand up for themselves. He believed that the state should care for its elderly population.

[10:47:46 AM](#)

JANET HENDERSON, SELF, JUNEAU, testified in support of the bill. Her family had moved to Alaska in the 1960s. She discussed her family history and work in the state. She said that her parents had saved in order to be able to self-pay for their stay in a Pioneer Home. She discussed the drawbacks for state residents should Pioneer Homes become unavailable. She thought the governor had tried to change the purpose of the Pioneer Homes, without consideration of state history. She thought the bill reaffirmed that Alaska was geographically different than the rest of the country. Private long-term care homes were not economically viable in parts of the state; therefore, the state had a vested interest in supporting Pioneer Homes as the only option that existed for many families. She furthered that the bill would put payment rates in statute so they would not be subject to political whims.

[10:50:33 AM](#)

LYNN WILLIS, SELF, MATSU LIO (via teleconference), spoke in support of the bill. He cited an article from the Senior Voice, which discussed a lawsuit relating to rate increases. He said that the article showed that 16 people had left the Pioneer Home systems because of an inability to pay, not a refusal to pay. He mentioned his friend in the Pioneer Veterans' Home, who had concerns about having to move.

[10:52:02 AM](#)

CRIS EICHENLAUB, SELF, EAGLE RIVER (via teleconference), spoke in support of the bill's intent. He thought elders were the state's most important resource. He wished the bill addressed cost drivers. He did not believe that rates should be increased.

10:53:55 AM

Co-Chair von Imhof CLOSED public testimony.

Co-Chair von Imhof relayed that fiscal notes would be discussed at a future meeting.

HB 96 was HEARD and HELD in committee for further consideration.

Co-Chair von Imhof discussed housekeeping.

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ADJOURNMENT

10:55:13 AM

The meeting was adjourned at 10:55 a.m.