

**ALASKA STATE LEGISLATURE**  
**SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

February 15, 2019

1:31 p.m.

**MEMBERS PRESENT**

Senator David Wilson, Chair  
Senator Gary Stevens  
Senator Cathy Giessel

**MEMBERS ABSENT**

Senator John Coghill, Vice Chair  
Senator Tom Begich

**COMMITTEE CALENDAR**

SENATE BILL NO. 7

"An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program."

- HEARD & HELD

**REVIOUS COMMITTEE ACTION**

BILL: SB 7

SHORT TITLE: MED. ASSISTANCE WORK REQUIREMENT

SPONSOR(S): SENATOR(S) MICCICHE

01/16/19	(S)	PREFILE RELEASED 1/7/19
01/16/19	(S)	READ THE FIRST TIME - REFERRALS
01/16/19	(S)	HSS, FIN
02/15/19	(S)	HSS AT 1:30 PM BUTROVICH 205

**WITNESS REGISTER**

SENATOR PETER MICCICHE, Bill Sponsor  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced SB 7.

EDRA MORLEDGE, Staff

Senator Peter Micciche  
Alaska State Legislator  
Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional for SB 7.

JAMES HARVEY, Assistant Director  
Division of Employment and Training Services  
Department of Labor and Workforce Development (DOLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions about employment programs during the hearing on SB 7.

SHAWNDA O' BRIEN, Director  
Division of Public Assistance  
Department of Health and Social Services (DHSS)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on SB 7.

JEANNIE MONK, Senior Vice President  
Alaska State Hospital and Nursing  
Home Association (ASHNHA)  
Juneau, Alaska

**POSITION STATEMENT:** Opposed SB 7.

ALYSON CURRY, Legislative Liaison  
Planned Parenthood Votes  
Juneau, Alaska

**POSITION STATEMENT:** Opposed SB 7.

ERIN WALKER-TOLLES, Executive Director  
Catholic Community Service  
Juneau, Alaska

**POSITION STATEMENT:** Opposed SB 7.

AMALY OLFEN, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Opposed SB 7.

JUDY ELEDGE, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Supported SB 7.

DIANA REDWOOD, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

AMBER SAWYER, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

ANDREW CUTTING, Fellow

Alaskan Children's Trust

Anchorage, Alaska

**POSITION STATEMENT:** Voiced concerns about SB 7.

MAUDE BLAIR

Southcentral Foundation

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

JOSH HEMSATH, Volunteer Board Member

Anchorage Neighborhood Health Center (ANHC)

Anchorage, Alaska

**POSITION STATEMENT:** Opposed to SB 7.

LAURA RHYNER, representing self,

Kenai, Alaska

**POSITION STATEMENT:** Opposed SB 7.

CINDY GILDER, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

BESSIE ODAM, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

ERIC REIMERS, Policy Coordinator

Alaska Native Health Board

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

MARY SCHALLERT, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

KATHRYN BOLAK, representing self

Chugiak, Alaska

**POSITION STATEMENT:** Opposed SB 7.

JON ZASADA, Policy Integration Director

Alaska Primary Care Association

Anchorage, Alaska

**POSITION STATEMENT:** Opposed SB 7.

XOCHITL LOPEZ-AYALA, representing self  
Homer, Alaska

**POSITION STATEMENT:** Opposed SB 7.

BETHANY MARCUM, Executive Director  
Alaska Policy Forum  
Anchorage, Alaska

**POSITION STATEMENT:** Supported SB 7.

## **ACTION NARRATIVE**

[1:31:19 PM](#)

**CHAIR DAVID WILSON** called the Senate Health and Social Services Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Stevens, Giessel, and Chair Wilson.

### **SB 7-MED. ASSISTANCE WORK REQUIREMENT**

[1:31:38 PM](#)

**CHAIR WILSON** announced the consideration of SB 7. He stated his plan was to hear the bill, take public testimony, and hold the bill in committee.

[1:32:18 PM](#)

**SENATOR PETER MICCICHE**, Bill Sponsor, Alaska State Legislature, Juneau, Alaska, said SB 7 is about opportunity. "This is taking the long view toward breaking a negative cycle, in my view. SB 7 asks one question, which is 'Should Alaskans who receive Medicaid benefits have the requirement to work?' I think the answer is yes, and SB 7 is a direct path to achieving that end and realizing that opportunity," he said.

**SENATOR MICCICHE** said that the Centers for Medicare and Medicaid (CMS) is allowing states to impose work requirements under the structure of the federal 1115 waiver. This waiver is intended to allow states to approve experimental or demonstration projects that give states additional flexibility to design and improve their Medicaid program.

**SENATOR MICCICHE** said he wanted to address the facts regarding work requirements for Medicaid recipients. SB 7 does not require the elderly, the disabled, or new mothers to work to get their health benefits. Work requirements will not interfere with the ability of recipients with a substance abuse disorder to get

appropriate treatment. The bill provides for exemptions for individuals who are not employed, volunteering, or otherwise exempt if they are in an education or training program that will lead to employment. There is an extensive list of exemptions on page 2, lines 6-21.

SENATOR MICCICHE said that with SB 7, Alaska will join at least 16 other states moving forward with similar Medicaid requirements. Since 2015, there has been a huge increase in the number of Medicaid recipients in Alaska. He said he thinks the current estimate is nearly 210,000 people. SB 7 will apply to a relatively small portion of these individuals. Specifically, those who can work but do not. Some have assumed that requiring Medicaid recipients to work is primarily about saving money. In the short term the legislation would not save a significant amount of money. It is about a break even. "But think about the long-term view. Think about what it will be like to break the cycle not only for those that will become employed, but their children and grandchildren that break that cycle of some families that have struggled to find employment for a very long time," he said.

SENATOR MICCICHE said other states have developed creative incentives to getting Medicaid recipients back to work. This legislation is a conversation starter to do just that. SB 7 is not designed as an immediate spending reduction, but rather as a way to encourage people to join the community of people who contribute every day to make Alaska a better place to live. There is hope that getting people off government rolls will lead to savings in the long term. It will encourage people to get involved in the larger workforce population, become engaged in their communities, build skills, get experience, build confidence, and connect with others who are doing the same. They should be able use those positive experiences to work themselves out of the Medicaid system.

SENATOR MICCICHE said the default position of Americans and Alaskans should be that those who can work, should work. He said we don't know if the next person to cure cancer or be the best in whatever field they choose is not relying on the state to carry them through every day and missing that opportunity to be the very best they can be every day and also be an example for their families and communities.

[1:37:11 PM](#)

EDRA MORLEDGE, Staff, Senator Peter Micciche, Alaska State Legislator, Juneau, Alaska, said SB 7 would direct the

Department of Health and Social Services (DHSS) to apply for a Section 1115 waiver from the federal government to implement work requirements as a condition of continued eligibility for Medicaid coverage for the able-bodied population. A Section 1115 is broad and a way to ask the federal government to bend the rules for specifics the state faces.

MS. MORLEDGE said that for the first time the Centers for Medicare and Medicaid (CMS) will accept waivers that test the hypothesis that requiring work or community engagement as a condition of eligibility will result in more beneficiaries being employed and engaged in other productive activities. The goal is that this will result in increased health and well-being for the beneficiaries and communities. In April last year the president signed an executive order about reducing poverty in America which is intended to promote economic mobility, strong social networks, and accountability. The executive order has a strong focus on work requirements for work-capable people.

MS. MORLEDGE noted that SB 7 has many exemptions. The bill targets a narrow band of people on Medicaid. The estimate is 20,000-25,000 people.

SENATOR MICCICHE said the committee will hear arguments, such as this is asking people to find employment where there's no work. But considering the state fiscal crisis, the volunteer requirement could significantly reduce the cost of what the state is providing in services as these people become more engaged, gain skills, gain confidence. When looking at the fiscal note, he said to remember that this is the long-term view.

[1:40:27 PM](#)

SENATOR STEVENS asked if he said that 210,000 people or about one in four are Medicaid recipient.

SENATOR MICCICHE responded that the reality is that less than half the people in the state work, a third are on Medicaid, and more than half the children born in Alaska last year were born on Medicaid. He said he is not disparaging people in need of medical help. Rather, he wants to provide opportunities so they learn to provide for themselves and accomplish the most they can accomplish in their lifetimes.

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MS. MORLEDGE presented the following sectional analysis for SB 7:

Section 1:

- Amends AS 47.07.036 to add a new subsection (h) requiring the department to apply for a section 1115 waiver to establish a work requirement for adults who are eligible for Medicaid assistance.
- Subsection (h)(1) requires a recipient to submit proof of employment or proof of seeking employment, participation in an educational or training program, volunteering, engaging in subsistence programs, or caregiving.
- Subsection (h)(2) allows a recipient to meet the requirements above if they participate in the Alaska temporary assistance program and are in compliance with the work requirement in AS 47.27.035.
- Subsection (h)(3) provides for exemptions from the work requirement in subsection (h).
- Subsection (h)(4) provides for additional temporary exemptions from the work requirement in subsection (h).
- Subsection (h)(5) ensures the work requirement will not prevent a recipient from obtaining substance abuse treatment.
- Subsection (h)(6) provides for notification of the work requirement to all recipients as soon as practicable, and requires termination of medical coverage for recipients who become ineligible as a result of noncompliance after 90 days.

MS. Morledge said that the list of exemptions in subsection 3 is modeled after Alaska's temporary assistance program. The guidance letter from CMS asks states to align work requirements with various state programs.

CHAIR WILSON suggested that age 65 may be too high for a work requirement considering that the average age of state workers is between age 41 and age 44. He asked why that age was chosen.

MS. MORLEDGE replied that she will doublecheck where that came from but she believes age 65 is contained in the CMS guidance letter. She noted the bill was modeled after legislation introduced in a previous legislature.

CHAIR WILSON asked if the guidance letter allowed states to select a different age or if it had to be consistent with other

work program requirements such as the exemption for caretaking for a child up to 12 months of age. He offered his understanding that other states have raised that cap to school-age children. He noted the committee had received a lot of written testimony expressing concern about that. Finally, he said the committee received comments about the exemption for participating in a tribal work program. For example, Arizona has an exemption for tribal beneficiaries of federally recognized tribes.

MS. MORLEDGE said she will investigate but she believes the guidance letter allows states a generous amount of flexibility.

CHAIR WILSON noted who was available to answer questions.

[1:48:46 PM](#)

SENATOR GIESSEL asked for the names of the states that have had their programs approved.

MS. MORLEDGE said the information in the packets indicates that waivers from Arizona, Arkansas, Indiana, Kentucky, Maine, Michigan, and New Hampshire have been approved. A portion of Utah's waiver was approved.

SENATOR GIESSEL asked how the age range of 18 to 65 compares to age ranges of the state plans that have been approved.

MS. MORLEDGE said the ranges vary widely in the states she looked at. Arkansas increased the lower cap to age 19 and reduced the upper cap to somewhere in the 50s in response to pending lawsuits. She said she believes there is flexibility but she will investigate and see how much ages vary in other states.

SENATOR GIESSEL suggested Alaska follow in the footsteps of states that have successfully withstood challenges to their programs.

SENATOR STEVENS asked if anything in SB 7 relates to helping people find job or if other programs do that.

MS. MORLEDGE responded that the bill has nothing about employment assistance, but Senator Micciche is open to all suggestions to accomplish that end.

SENATOR STEVENS said he did not want to expand the bill, but it would be worthwhile knowing about the programs that do help people find jobs.

MS. MORLEDGE deferred to the Department of Labor and Workforce Development.

CHAIR WILSON asked Mr. Harvey to respond to Senator Steven's question about the state work programs to help people find employment or case management services that help people retain jobs.

1:52:50 PM

JAMES HARVEY, Assistant Director, Division of Employment and Training Services, Department of Labor and Workforce Development (DOLWD), Juneau, Alaska, said the job center system has 14 offices and also operates on the Internet. The opportunities are mostly for individuals seeking work voluntarily. The Alaska state labor exchange system is a job posting board to allow employers to connect with job seekers. In the case of unemployment insurance claimants, which is an exemption for SB 7, those individuals must register in that system and do active job searches. There are other programs throughout the state system, notably in the Department of Health and Social Services (DHSS), Division of Public Assistance, with TANF [Temporary Assistance for Needy Families]. Individuals are in compulsory status and they receive some case management provided by DPA staff or their contractors. Case management goals are set for those individuals. DOLWD operates several programs to help people in voluntary status with such things as resume preparation, interview assistance, and possible skills attainment. Public Assistance, Division of Employment and Training Services, Division of Vocational Rehabilitation, and Alaska Housing Finance are partners in the workforce system. There is a myriad of programs for individuals, whether they are compelled or not compelled to seek employment.

SENATOR STEVENS asked how this will improve things for the third of Alaskans who have never had a job in their lives.

MR. HARVEY replied that a figure of 200,000 was put forth as individuals participating in Medicaid with perhaps 20,000 to 25,000 falling into this group. A number of individuals in that group are working and a number of those individuals have demonstrated work because they receive unemployment benefits. He said he does not know the number of individuals who have never worked. The Division of Employment and Training Services routinely works with individuals who have little to no work experience. Many are young adult Alaskans. One program in the workforce system is the Workforce Innovation and Opportunity Act (WIOA) youth program. The division administers that program

using grantees throughout the state to engage providers that work with at-risk youth in and out of school. That program is making headway. The division also operates the Mature Alaskans Seeking Skills Training program for individuals 55 and older. Individuals are placed in a work environment to achieve skills that can translate to unsubsidized employment. Many hard-working individuals work collectively in the workforce system to help people who have little to no work experience.

CHAIR WILSON noted that the committee heard that about seven different work programs across four different departments that are working on similar goals. He asked if any consideration had been given to consolidating the workforce programs in the state.

MR. HARVEY said that action is federally driven and ongoing. It is put in place through the Workforce Innovation and Opportunity Act (WIOA). That act defines the partner programs and collaboration under that Act. As far as repetitiveness or cross-over, these programs are offered in many varieties of services. Some programs may be for dislocated workers. Another may be for those receiving assistance through Alaska Housing Finance. Then there is a program specific to individuals receiving TANF benefits. Some programs have a compelling factor for the individual to be there while others are for individuals seeking change voluntarily.

CHAIR WILSON related that he previously worked for an agency in Mat-Su that had two of these work service programs; none were at full capacity and they all did similar work services. He said it seems that the state could do better of consolidating programs and the end user would see no difference. He commented that it seems that a more coordinated approach would make better use of resources.

CHAIR WILSON asked a DHSS representative to give a summary of the overall costs reflected in the nine or ten fiscal notes for SB 7. He also asked what the timeline would be to get the program up and ready.

2:03:06 PM

SHAWNDA O' BRIEN, Director, Division of Public Assistance, Department of Health and Social Services (DHSS), Juneau, Alaska, said the fiscal notes reflect the costs DHSS believes would be necessary to implement the bill. She said the savings from recipients not in compliance with the bill are reflected in the Medicaid-related fiscal notes. The administrative costs are in the fiscal notes for Public Assistance. Those are based on the

same case management staffing needs as the TANF program. The fiscal note for Work Services programs is for supported services. Those are the costs related to job aids and barriers to receiving employment. It could be things like training programs, clothing, tools, and childcare. Average costs per person are built in based on the average costs for work services program for TANF.

CHAIR WILSON asked for the total cost of all the fiscal notes.

MS. O' BRIEN said she had not totaled them up.

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MS. MORLEDGE directed attention to a document she received from DHSS that lists the amounts for each of the fiscal notes.

SENATOR STEVENS asked for an explanation.

MS. O' BRIEN said the net savings in FY 2020 is estimated to be \$17.9 million. The department expects to see savings in the Medicaid component based on their estimate of the number of people who will be in noncompliance. The numbers are calculated based on an estimate of the overall enrollment, required participants, and similar programs across state and nation.

MS. O' BRIEN said in FY 2021, the savings is about \$8.8 million. Beyond FY 2022, the savings level off to about \$18 million. At some point, the number of people enrolled in the program and the number of new people entering the program will level off so there will be little change in participation rates the out years.

CHAIR WILSON asked how long it would take for the department to fully staff and implement this program if it becomes law.

MS. O' BRIEN answered that a CMS waiver approval can take several months or longer. The department is hopeful it can mirror its request to states that have received approval to expedite that approval process. In a perfect world, where the approvals are in place and all the regulations can be updated accordingly, it would probably take six months to get fully staffed and trained. The department believes that existing case management system has the capacity to take on this additional work but it will need to be replaced in the next two years. That

additional capacity will be built that into the capital request at that time.

CHAIR WILSON opened public testimony.

2:09:29 PM

JEANNIE MONK, Senior Vice President, Alaska State Hospital and Nursing, Home Association (ASHNHA), Juneau, Alaska, stated that Alaska State Hospital and Nursing, Home Association (ASHNHA) understands and appreciates the interest in workforce engagement in Alaska, and agrees with efforts to support Alaskans being part of the workforce. She said she appreciates that the sponsor is clear about defining the goal. It is not about saving money but about engaging people in the workforce and that a number of important exemptions are provided. For a number of reasons ASHNHA opposes SB 7 but is willing to work with the sponsor to improve and address these concerns.

MS. MONK maintained that the new Medicaid eligibility standards could restrict needed access to health care for Alaskans who have jobs, who have disabilities, chronic illnesses, or other health care needs. The majority of adults enrolled in Medicaid are working, but many work in low-wage jobs with no health insurance and inflexible conditions. Adding these requirements would add to existing stressors. Losing health care coverage can make it harder for Alaskans to work. She described the \$17 million cost savings as a cost shift. Those people's health needs won't go away, but their coverage will, and those health care needs will be absorbed elsewhere in the health care system, probably in the emergency room. ASHNHA is concerned about less coverage for people who are already working and about adding another layer of administrative paperwork. There is already a huge backlog in processing Medicaid applications. The program lacks the capacity to implement and assess additional eligibility requirements. ASHNHA is also concerned that the legislation lacks detail. DHSS needs more guidance in the development and implementation of the work requirements and clear guidelines on how support will be provided to help people find employment, training, or volunteer opportunities.

MS. MONK said ASHNHA believes there are options to improve SB 7. For example, Michigan has a robust IT system that allows people to report their work activities online on a monthly basis. That state started with a work requirement of 20 hours a week and then moved to 80 hours per month to better accommodate shift work. There should also to be an allowance for seasonal work. Seasonal workers could lose health benefits because of

inconsistent work. She urged the committee to take care to create a well-designed, efficient program that will encourage work engagement while maintaining health care benefits for Alaskans.

[2:14:12 PM](#)

ALYSON CURRY, Legislative Liaison, Planned Parenthood Votes, Juneau, Alaska, said she too was testifying to express concerns and oppose SB 7. She explained that Planned Parenthood works to ensure that everyone has access to health care regardless of their income or circumstances. About a quarter of their patients are Medicaid recipients and about 90 percent are women. She said the enrollment restrictions in SB 7 will decrease access to health care and have a disproportionate impact on women. Most Medicaid enrollees who can work already do so. If they don't work, typically it is because of barriers like transportation, housing, job training and availability, and education. While SB 7 has exemptions, they are inadequate and vague. These work requirements and the administrative burden of seeking exemption would result in even eligible enrollees losing basic preventative care without increasing their economic stability. Research has shown that implementing work requirements does not reduce poverty but can push people deeper into poverty. SB 7 would harm the state budget. Investing in preventative care is highly cost effective. The state saves \$7 for every dollar it invests in family planning. She asked the committee to oppose SB 7 and instead invest in proven, cost-effective strategies to improve access to health care and improve economic security.

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ERIN WALKER-TOLLES, Executive Director, Catholic Community Service, Juneau, Alaska, said she previously was Chief of Policy and Program Development for the Division of Public Assistance (DPA), as well as the director of TANF and SNAP [Supplemental Nutrition Assistance Program], so she is familiar with work requirements involved with TANF. She echoed Ms. Monk's comments. In addition to what Ms. Monk noted, Ms. Walker-Tolles said she is most concerned about rural Alaskans. She reported that when implementing TANF work requirements, DPA found there were no volunteer opportunities in rural Alaska. It took a tremendous effort to create some volunteer opportunities that did not provide enough hours, much less for a larger population of Medicaid recipients. She said she applauds efforts to align work requirements, but there are pros and cons. The federally mandated TANF work verification requirements make it prohibitively difficult to collect and verify that work has happened. If the bill goes forward, she asked the committee to

consider allowing self-attestation for people doing volunteer and community work and for self-employment. It takes a great deal of work to get employers and supervisors at volunteer activities to attest and people who do subsistence had to have nonrelatives verify their subsistence activity.

MS. WALKER-TOLLES highlighted that TANF exempts Native villages with unemployment rates of 50 percent or more from work requirements. She urged the committee to include a similar exemption if the bill goes forward. She said she supports the exemptions for medical conditions and disabilities but in rural Alaska, local health providers are not available to give verification of medical conditions and disability. DPA found that in rural Alaska the people most in need of Medicaid, those with existing conditions, simply fell off the program because they couldn't access a doctor.

2:20:02 PM

AMALY OLFEN, representing self, Juneau, Alaska, stated opposition to SB 7 because it will overburden people with more paperwork for a service that already requires a lot of paperwork to qualify. It will also create additional paperwork for the department, which could delay life-saving medical procedures. She said Alaska is unique in many issues and is one of the most expensive states to live in. Many are employed full time and still require Medicare. If one of the goals of the state is to save money, the conversation should first be about helping people find jobs before talking about limiting people's access to health care. She suggested the state first pay attention to the root causes of unemployment before it implements restrictions and limitations on medical assistance.

2:22:25 PM

JUDY ELEDGE, representing self, Anchorage, Alaska, stated support for SB 7. She offered her understanding that Medicaid is for the elderly, the disadvantaged, and young children and she supports that 100 percent. She related that she testified against Medicaid expansion out of concern that it would spread the money so thin that people who really needed it would not get full services. She said she sees that happening with people who work with disabled children. She shared that she is over 65 and continues to work so she has no objection to raising the work requirement to 65. She related that she has lived and worked in the school system in rural Alaska since 1997 and has seen many jobs go unfilled in the school. Volunteer positions are also available. She emphasized that the State of Alaska should not give money to able-bodied people who are not working. She

maintained that people and the people who have been working want to know where it ends. She concluded that nobody should oppose the requirement to work 20 hours a week.

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DIANA REDWOOD, representing self, Anchorage, Alaska, stated strong opposition to SB 7. She opined that work requirements do not help low income people get medical services. Instead, it may lead to low income people losing health care coverage. Studies show that work requirements, including under the TANF program, do not increase work or decrease poverty. In fact, the majority of people subject to work requirements remain poor, became poor, or lost access to health care services. She said she wonders how many people would fall under SB 7 since the majority of Medicaid recipients already work. She suggested there are better ways to promote work such as such as programs to boost education and skills and helping provide childcare for women returning to work. Otherwise, it looks like the state is trying to increase bureaucracy to reduce people's access to health care and that is the wrong way to go.

[2:27:18 PM](#)

AMBER SAWYER, representing self, Anchorage, Alaska, related that she worked until September 1, 2012, when she had a car accident because she had a seizure due to undiagnosed epilepsy. She is now officially disabled, but it took many years even though she had a mass in her brain. She said it is not easy to qualify for Medicaid. She tried to work, but when people found out when she had seizures, she lost jobs. Now she's had brain surgery and is not allowed to work. These are the types of people that need considerations, she said.

[2:30:07 PM](#)

ANDREW CUTTING, Fellow, Alaskan Children's Trust (ACT), Anchorage, Alaska, stated that ACT values parents working. The data shows that dual income families do better than single-income families. He related that ACT had a webinar on work requirements and how they are being implemented in other states. He suggested the committee consider that it is not just the number of people on the rolls but what happens to the rest of the community. Oftentimes, when work requirements exclude people from services, they hit the safety net, so there is a transfer of cost. Instead of low prevention costs on Medicaid, emergency rooms costs increase and everyone shares those costs. He posited that even if the bill had zero cost, there are not enough people in the system to make this a cost savings for the state. Even on the aggressive side, this would apply to perhaps 9,000 people

and the rough savings would be about \$4 million. Some states spent more than \$100 million enacting similar programs and some are fighting legal battles to push a program through. He urged the committee to look at the Montana model as an example of one state where it worked.

SENATOR STEVENS asked whether he was saying this program would cost \$100 million and save \$4 million.

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MR. CUTTING said the \$100 million was an example from Kentucky or Arkansas. Both of those states had a very aggressive model to remove people from the system. That is not what is proposed here, but he encouraged the committee to look at those states as examples of red tape and bureaucracy that was put in place. He acknowledged that Alaska is a different model that has smaller numbers.

[2:33:45 PM](#)

MAUDE BLAIR, Southcentral Foundation, Anchorage, Alaska, said that she appreciates that Senator Micciche wants to build people up to make them self-sufficient and they could volunteer in places with few jobs, but Southcentral Foundation is opposed to the bill. She echoed the sentiments of Ms. Monk and Ms. Walker-Tolles and predicted that the bill would be difficult for rural Alaska. She explained that many people who meet the work requirement may be removed from the rolls because they don't understand how to report to the state. In much of the state English is not the first language and many places are without access to the Internet for reporting compliance. For Alaska Native and American Indian people, Medicaid expenses are 100 percent reimbursable to the state by the federal government. If another hurdle is created for Alaska Native and American Indian people to have access to Medicaid, they won't apply. That would reduce money coming into the state to help pay for health care.

[2:35:52 PM](#)

JOSH HEMSATH, Volunteer Board Member, Anchorage Neighborhood Health Center (ANHC), Anchorage, Alaska, informed the committee that the Anchorage Neighborhood Health Center (ANHC) began in Anchorage nearly 45 years serving people out of a trailer. Now it has more than 80 staff members. About 45 percent of the patient population at ANHC uses Medicaid when the state average is 20 percent. He expressed three key concerns about SB 7. It will decrease access to care, increase costs and complexity, and punish people with significant challenges. Only the most vulnerable 25,000 Alaskans will be impacted by this bill.

Previous attempts to pass similar legislation show that three-quarters of those people will qualify for an exemption, leaving only 5,000 to 6,000 people unable to qualify with these requirements. Because this is a new program, it is hard to say who those are, but they are probably people who work temporary or seasonal jobs and cannot meet the weekly 20 hour requirement. He suggested that the work requirements of SB 7 create more complexity and administrative overhead. The bill is a major undertaking with little to no cost savings. Previous fiscal notes show it will cost \$300 to \$500 million to start the program. This is inconsistent with efforts to contain costs. Finally, the majority of Medicaid recipients are working, many in low-wage jobs that do not provide coverage. The 5,000 Alaskans who would not be able to prove their exemptions are already struggling.

[2:39:15 PM](#)

LAURA RHYNER, representing self, Kenai, Alaska, said SB 7 adds a lot of red tape to an overburdened system, which can cause delays for people seeking essential medical services. Several years ago, she was on Medicaid while between seasonal jobs that did not provide insurance. Just recently she received a letter dated November 6, 2018, from the Division of Public Assistance stating that her November 2016 application had been received and additional information was requested. She said most Alaskans on Medicaid are working, many in jobs that are seasonal, low wage, and with no insurance.

[2:41:49 PM](#)

CINDY GILDER, representing self, Anchorage, Alaska, said she can appreciate the philosophy that someone capable of working should not use federal tax dollars and limited state resources for their medical care, but based on data she questions whether there is a problem and this is the right fix. A 2017 Kaiser Foundation study looked at nonelderly family work status and it showed that nonwork status for Alaska was 21 percent. Given the administrative burdens associated with this bill, she questioned whether this legislation was the right mechanism to help people who want to work get back to work.

CHAIR WILSON noted that were about 20 people waiting to testify. He reminded everyone that they could submit written testimony.

[2:43:58 PM](#)

BESSIE ODAM, representing self, Anchorage, Alaska, stated that she was speaking in opposition to SB 7. She emphasized that Medicaid should be accessible to anybody who seeks it. The

process is already difficult and overly complex. She suggested that the conversation surrounding Medicaid and accessing services should be about making access easier, not more requirements. SB 7 assumes people on the Medicaid program aren't willing to work or volunteer, which is not the case. If the concern is that too much money is spent on Medicaid, another option should be considered. Studies in other states that require work or volunteering for eligibility, show it is more expensive to implement the program. Alaska is already short on funds and implementing this program will cost Alaskans more than the system already in place.

[2:45:59 PM](#)

ERIC REIMERS, Policy Coordinator, Alaska Native Health Board, Anchorage, Alaska, stated that the Alaska Medicaid program is a critical component of the Alaska Tribal Health System (ATHS). Imposing work requirements would have systematic impacts across the system. He explained that ATHS is a system of care comprised of the voluntary agreements with 30 tribes and tribal health organizations. It is the most comprehensive health system in the state and country and is critical to the Alaska public health system. He said the high unemployment in the state disproportionately impacts rural communities. The Bristol Bay Borough has an unemployment rate double the statewide average. Imposing work requirements in these rural communities will increase administrative costs and uncompensated costs and lead to delays in care that will lead to more expensive care. Imposing work requirements will cause people to be removed from the rolls. This will impact the Medicaid expansion population, which receives one of the highest federal matches. Not getting the federal reimbursement leaves money on table that Alaskans have paid for with taxes. As previously mentioned, the federal government has a moral, legal, and fiduciary responsibility for the health and well-being of Alaska Natives and American Indians, so it reimburses the state for all Medicaid expenses. He said ATHS' written testimony further explains the statewide impact of imposing work requirements.

[2:48:16 PM](#)

MARY SCHALLERT, representing self, Anchorage, Alaska, advised that she is testifying in opposition to SB 7. She said she worked 15 years as a psychiatric mental health outpatient nurse. Sometimes severely mentally ill patients would have great days and other days they could only survive as inpatients at Alaska Psychiatric Institute. She said it does not make sense to think these people should be required to work. She described her sister with Down syndrome who would like to but cannot work to

demonstrate that each person is unique in their disability. Putting this extra requirement on a vulnerable population is wrong.

CHAIR WILSON apologized for the technical difficulties preventing people from the Fairbanks Legislative Information Office from testifying.

2:50:40 PM

KATHRYN BOLAK, representing self, Chugiak, Alaska, opposed SB 7. She said she has heard from family and friends in Arkansas that the work requirement has been a nightmare because of computer glitches and a complex online reporting system. She suggested they look at the McGonigal case. She asked if this bill makes sense in a time of budget cuts for a department that is already understaffed and underwhelmed. She has serious doubts it can deal with all the individual cases and the many appeals. She asked if the money for the program will come from lesser care for the most vulnerable. She is now covered by Medicaid. She got sick a few years ago and lost her business. She never thought she would need a program like Medicaid.

2:53:32 PM

JON ZASADA, Policy Integration Director, Alaska Primary Care Association (APCA), Anchorage, Alaska, said the Alaska Primary Care Association is Alaska's primary care safety net provider that guarantees access regardless of ability to pay. He noted that thirty-five percent of their patients are on Medicaid. He said APCA submitted a letter outlining their concerns with SB 7. First, the work requirement does not adequately encourage Medicaid beneficiaries to find and keep jobs. He said APCA is interested in the Montana Health and Economic Livelihood Partnership. Second, the loss of Medicaid coverage and loss of treatment is dangerous to beneficiaries and patients and expensive to Alaska's health care system. He agreed with other testimony that care provided without coverage is shifted to more expensive systems, such as the emergency room and legal and correction system. Third, the state is ill equipped to administer the program when more than 16,000 Medicaid applications are still pending. Finally, every APCA clinic spends a lot of time supporting clients in gaining, understanding, and maintaining coverage. The churn, especially in smaller communities with seasonable employment, will be profound for those patients and staff at clinics.

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XOCHITL LOPEZ-AYALA, representing self, Homer, Alaska, said she opposes SB 7 and as a constituent urges Senator Stevens to vote no. She said she came from a family that accessed health and social services for low-income people and this bill won't help those working to come out of poverty. Governor Dunleavy's proposed budget slashes funding for many programs so effort should be focused on helping Alaskans to find employment and not make being on Medicaid a job in itself. It is just more hoops to find health care, she said. She encouraged the committee to improve access to health care and workforce engagement, not create more barriers.

[2:57:44 PM](#)

BETHANY MARCUM, Executive Director, Alaska Policy Forum, Anchorage, Alaska, stated that in 2017 the Walker administration projected that 23,273 able-bodied adults would enroll in Medicaid expansion at the cost of \$7,500 per person. The actual expansion population enrollment in 2017 reached over 35,000 at a cost of nearly \$10,500 per person. She agreed that the federal government is responsible for a portion of Medicaid expansion costs, but it will not subsidize the program indefinitely. Able-bodied adults should not be prioritized over the truly needy on traditional Medicaid. She opined that the solution for Alaska is more work. She said she would be happy to share the research that shows that work requirements offer enrollees a better future through the power of work. Able-bodied adults leaving welfare found work in diverse industries and more than tripled their income. Adding Medicaid work requirements makes sense. This can emphasize the power of work to transform lives and break the cycle of dependency and preserve resources for truly needy Alaskans.

[3:00:17 PM](#)

CHAIR WILSON held SB 7 in committee and kept public testimony open.

[3:00:40 PM](#)

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 3:30 p.m.