

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 20, 2019

1:31 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator Gary Stevens
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

Senator John Coghill, Vice Chair

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

PREVIOUS 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
02/15/19	(S)	Heard & Held
02/15/19	(S)	MINUTE (HSS)
02/20/19	(S)	HSS AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

CRYSTAL BOURLAND, Executive Director
NAMI Juneau
Juneau, Alaska

POSITION STATEMENT: Opposed SB 7.

KATE FINN, representing self
Homer, Alaska
POSITION STATEMENT: Opposed SB 7.

DIANA CHADWELL, representing self
Delta Junction, Alaska
POSITION STATEMENT: Opposed SB 7.

SENATOR PETER MICCICHE, SB 7 Sponsor
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Testified on SB 7.

SHAWNDA O'BRIEN, Director
Division of Public Assistance
Department of Health and Social Services (DHSS)
Juneau, Alaska
POSITION STATEMENT: Answered questions related to SB 7.

EDRA MORLEDGE, Staff
Senator Peter Micciche
Alaska State Legislator
Juneau, Alaska
POSITION STATEMENT: Testified on SB 7.

ACTION NARRATIVE

[1:31:05 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 Begich, Giessel, Stevens, and Chair Wilson.

SB 7-MED. ASSISTANCE WORK REQUIREMENT

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CHAIR WILSON announced that the only order of business would be 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."

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CRYSTAL BOURLAND, Executive Director, National Alliance of Mental Illness (NAMI) Juneau, Juneau, spoke in opposition to SB

7. She said NAMI Juneau is a non-profit that focuses on education and support for individuals affected by mental illness. Medicaid is a lifeline for eligible low-income Alaskans, pregnant women, children, friends and family with disabilities, and the elderly. Medicaid eligibility conditional on employment does not help low-income individuals improve their circumstances, but providing supported employment, job training, and comprehensive health care coverage does. Access to Medicaid often supports an individual's ability to engage in work and community. However, work requirements may have the opposite effect and undermine an individual's employment and management of health care needs.

She said that one serious concern for NAMI is the effect of this bill on individuals who do not meet disability criteria. These are the ones who live with medical conditions, mental illnesses, or substance use disorders. These individuals may need to step away from work due to periodic disability or illness, a decline in mental health, or substance use treatment. While exemptions "look good on paper," these requirements can place additional stress on these individuals who also face health care coverage losses while navigating a work requirement exemption. The processing period for social security disability takes several years, so Medicaid often provides a lifeline for those people who await their social security disability determination. Residents in rural communities face challenges with limited work, job training, and volunteer opportunities, as well as challenges of reporting subsistence activities in remote areas. The bill does not address these unintended consequences, she said.

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KATE FINN, representing self, Homer, spoke in opposition to SB 7. It requires a certain level of health and health care to have a job, live a subsistence lifestyle, or participate in work equivalents. The "catch 22" is that people need health care to work but people also need work to receive health care. While she appreciated the detailed exclusions in the bill, the exclusions were insufficient since some disabilities are less obvious.

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DIANA CHADWELL, representing self, Delta Junction, spoke in opposition to SB 7. She said disabled Alaskans who are on disability cannot work because these disabled people will not receive their social security disability if they earn income. This law would discriminate against the disabled, special needs,

and the poor. She also suggested that changes should be made to Medicaid.

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CHAIR WILSON said that members' packets contain written testimony from people who were not able to testify at the last meeting. After first determining no one else wished to testify, he closed public testimony on SB 7.

CHAIR WILSON said the committee heard testimony with concerns about exemptions regarding age, tribal membership, children still in school at ages 18 or 19, students in university classes or trade schools, and an increase in the age of dependents from 12 months to 60 months. He asked Senator Micciche for comments on whether any of these ideas could be included in amendments.

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SENATOR PETER MICCICHE, Alaska State Legislature, Juneau, Alaska, spoke as sponsor of SB 7. He said used a commonsense approach when drafting SB 7. He said that his intention was to create opportunities, but not be punitive when removing health care. He said he is open to suggestions to improve the bill. He has heard some comments in public testimony on issues that are not affected by the bill. He characterized this bill as one that will help Alaskans become as best as possible. He noted that the Alaska State Hospital and Nursing Home Association (ASHNHA) had some good suggestions to improve the bill. The bill must recognize that Alaska has a seasonal workforce. Some people work very hard for part of the year, and it's important that seasonal workers do not lose their health care in the off season. The committee might need to consider how to handle the first instance when a recipient doesn't meet the work requirement. He said he did not draw a line in the sand that separates one group of people from others. "We're all Alaskans. We want to help them to succeed," he said.

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SENATOR STEVENS asked about a comment in earlier testimony that related it took years to qualify for exemptions.

CHAIR WILSON surmised that the comment might have been about applying for the waiver.

SENATOR STEVENS agreed.

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SENATOR MICCICHE said the timeline for the federal Section 1115 waiver issued by Centers for Medicare and Medicaid Services [CMS] for work requirements is not clear. The department can apply for the 1115 waiver and the state could review other states' records to gain efficiencies in the application. He said that the other states' waivers are in various stages of execution. It was difficult for him to give a hard timeline for when the waiver process would be completed.

CHAIR WILSON added that the 1115 waivers don't have a specific timeline for a federal response to states, unlike the "1332 and 1915 waivers".

SENATOR STEVENS asked for further explanation of the federal 1115 waiver.

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SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services (DHSS), Juneau, said this bill would require DHSS to file for a Section 1115 waiver, which will take some time for approval. She said the division would review other states' applications and mirror what other states have done in order to make their process more efficient.

CHAIR WILSON asked her to define an 1115 waiver.

MS. O'BRIEN offered to respond in writing to outline the different waivers and to identify the requirements.

SENATOR STEVENS clarified that a waiver is requested through the department and is submitted to the federal government. He acknowledged that it would be frustrating if it takes years to process.

MS. O'BRIEN reiterated that the department might gain some efficiencies and streamlining of the process by reviewing what other states who have applied for waivers have done.

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SENATOR GIESSEL drew the committee's attention to a National Academy for State Health Policy document in members' packets which she said partially summarized the waiver. She read, "New policy allowing states to implement work and community engagement requirements. States must seek federal approval to require nonelderly, nonpregnant, and nondisabled adults to meet these requirements to qualify for a full or partial Medicaid coverage."

CHAIR WILSON offered to provide members with the department's explanation of the waivers, which is a very complicated system.

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SENATOR BEGICH said that last year former Senator Kelly introduced this bill and SB 7 seems substantially the same. He said he reviewed the prior bill's fiscal notes to find efficiencies. He noticed that the figures have changed in the fiscal notes for SB 7. The original assumption was that 10.5 percent of recipients would be moved off public assistance, which has been increased to 25 percent in the fiscal note for SB 7. He asked for explanation of the substantial difference in the fiscal notes.

MS. O'BRIEN responded that assumptions last year [for former Senator Kelly's bill] were based on enrollment. This year the division based some of its assumptions on the existing TANF (Temporary Assistance for Needy Families) work requirement programs. The division has not seen as much growth in the Medicaid program as it did initially, she said.

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SENATOR BEGICH pointed out that this represented a 150 percent difference, so the increase in the figure is rather substantial.

MS. O'BRIEN said the division based the assumptions on anticipated program success that envisions that more people would be off assistance and back in the workforce.

SENATOR BEGICH said if the bill were to pass, that the state already has an 1115 waiver in progress. He asked how many waivers a state can have and if the state would need to amend its waiver.

MS. O'BRIEN answered that the department would request a new waiver separate from the one that is in progress.

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SENATOR BEGICH asked for a general timeline on the waiver if the bill is signed into law this year.

MS. O'BRIEN replied that the fiscal notes are based on a start date of December 31, 2019 to allow time for the waiver approval process and to update its regulations. She said that the program would begin on July 1, 2019. The staff training and the notification to those affected by the bill would occur

concurrently during the approval process and adoption of new regulations.

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SENATOR GIESSEL said that other states have implemented work requirement programs. She noted that many states have a work requirement of 80 hours per month. She asked Senator Micciche if he had any data that indicated the success or outcome of these programs. She noted that members' packets contain materials from Arkansas.

SENATOR MICCICHE pointed out that the program has been in existence for about 13 months. The National Academy for State Health Policy document developed a spreadsheet that identifies which states have applied, the stage of implementation, and the work requirement hours. He agreed that the requirement for 20 hours [per week] is something of a standard. He preferred to have a monthly total instead of a weekly average to capture volunteer opportunities in places where employment might be limited.

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EDRA MORLEDGE, Staff, Senator Peter Micciche, Alaska State Legislator, Juneau, said that Legislative Research Services is in the process of gathering that data. However, the agency has not yet found any definitive studies. Implementation by some states has been held up by lawsuits and other programs have not been operational long enough to acquire data, he said.

SENATOR GIESSEL directed attention to a report in members' packets from January 2018 about Arkansas [Work Requirements Are Working in Arkansas: How commonsense welfare reform is improving Arkansans' lives]. She said that the report is positive, that Arkansas saw incomes more than triple for people who left welfare and found work, which also resulted in savings to the state. She expressed an interest in the impact Alaska's program might have on the self-esteem and independence people from employment, and the example it would set for their children. She recalled that the report from Kansas was also quite positive, that participants significantly increased their income, far offsetting the benefits these recipients received from TANF and other aspects of Medicaid. She said she looked forward to receiving research from Legislative Legal Research Services.

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SENATOR MICCICHE said that the Arkansas report is related to its welfare reform. The report was issued before the Centers for

Medicare and Medicaid Section 1115 Medicaid waiver for work requirements. This program was one of the reasons for his interest in developing the bill. He said that the number of able-bodied, childless adult food stamp enrollment dropped by 70 percent. Their recipients had incomes more than triple within two years of leaving public assistance, which offset their lost food stamp benefits. Taxpayers in Arkansas saved more than \$28 million a year. He said that Arkansas also had relative success in reductions to its Supplemental Nutrition Assistance Program (SNAP) and TANF.

SENATOR MICCICHE said that SB 7 relates to Medicaid work requirements by creating opportunities for Alaskans. He directed attention to other studies in members' packets, including the Economic Research Center at the Buckeye Institute study that estimated women could earn an additional \$212,000 and men an additional \$323,000 over the course of their careers while still receiving Medicaid work requirements. Under SB 7, the program would encourage education, job training, social interaction and community participation. It would also ensure accountability for able bodied persons on public assistance by using a regular, structured process to help them improve their social-economic conditions rather than living a life of dependency. This bill would still provide health care benefits for those willing to work or volunteer. At some point people would likely obtain private insurance, he said.

He said that he is trying to separate this discussion from the arguments against this program from those who directly benefit from public assistance or the providers of these programs. He emphasized that the work requirement program would provide opportunities for individuals currently receiving public assistance to succeed.

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SENATOR GIESSEL pointed out that Alaska Housing Finance Corporation (AHFC) has seen positive impacts in its program, once participants were provided support and low-income housing. She said that the work requirement program will provide a safety net for people, but not a permanent solution. She asked whether the committee could obtain information on the AHFC program.

CHAIR WILSON said his office has requested information from AHFC about the Step Program, which is a five-year plan for housing vouchers. He offered to share that report with the committee.

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SENATOR BEGICH asked if Senator Micciche's office provided the Arkansas report in members' packets.

MS. MORLEDGE answered that the sponsor provided the Arkansas report for the purpose of showing that work requirements are working in other states.

SENATOR BEGICH said Arkansas did not have its CMS Section 1115 waiver until March 2018. He clarified that Arkansas now has a lawsuit about work requirements.

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MS. MORLEDGE said Arkansas has a lawsuit, but its waiver was granted.

SENATOR BEGICH responded that Arkansas's waiver was granted in August of 2018, but three months later a lawsuit challenged it. However, the improvements in Arkansas were related to requirements in Arkansas and not this waiver since the waiver has not been in existence long enough to obtain the data.

MS. MORLEDGE agreed that was true.

SENATOR BEGICH asked how many of lawsuits were pending in the Lower 48. He expressed concern that Alaska could potentially risk a lawsuit if this bill were to pass.

MS. MORLEDGE answered that Legislative Legal Services is researching this issue.

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SENATOR MICCICHE said the state has no way of predicting whether it will be sued on any piece of legislation. He cannot stop working to improve the lives of Alaskans worrying about lawsuits.

SENATOR STEVENS said the report highlighted the wonderful success in Arkansas in terms of reducing public assistance. He asked for clarification on the difference between the Arkansas program and the program proposed in SB 7.

SENATOR MICCICHE replied that he provided the Arkansas report as a model to show what can occur when people are encouraged to take advantage of temporary support programs to become self-sufficient and independent. He offered his belief that this program has a direct correlation to Medicaid.

He said that SB 7 would allow people to retain Medicaid benefits, but require able bodied recipients to start advancing and developing their potential, so that one day these recipients will likely not require Medicaid.

He said that other states found the 1115 waiver practices were proven to be successful with a subset of the Medicaid and public assistance populations. He acknowledged that the work requirement program will not work for everyone. The goal is not to take away needed health care, but to lessen dependency on state and federal programs such as Medicaid and public assistance.

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SENATOR STEVENS said he was unsure if the program in SB 7 is exactly like the Arkansas program.

CHAIR WILSON said the first state to go through [the 1115 waiver] process is Kentucky. He was unsure if it has prevailed in a lawsuit on work requirements.

SENATOR BEGICH responded that a follow-up lawsuit was initiated in Kentucky last month. He reported that Governor Bevin initiated the waiver process early in 2017 and it was approved in January 2018.

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CHAIR WILSON said he would hold SB 7 and consider amendments at the next hearing.

SENATOR BEGICH asked whether anyone was working with the Alaska State Hospital and Nursing Home Association (ASHNHA) regarding their suggestions for SB 7.

SENATOR MICCICHE noted the ASHNHA letter in members' packets and said he does not support all their ideas, but he wants this to work for Alaskans that depend on Medicaid for their health care. He said he looks forward to working with the committee to develop the best bill to help Alaskans move forward.

[SB 7 was held in committee.]

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There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee at 2:09 p.m.