

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 25, 2019

1:30 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator John Coghill, Vice Chair
Senator Gary Stevens
Senator Cathy Giessel
Senator Tom Begich

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Alaska Mental Health Trust Authority Board of Trustees

John Sturgeon-Anchorage

Joe Riggs-Anchorage

Ken McCarty-Chugiak

-CONFIRMATIONS ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KEN MCCARTY, Governor's Appointee

Alaska Mental Health Trust Authority Board of Trustees

Chugiak, Alaska

POSITION STATEMENT: Testified during his confirmation hearing.

JOHN STURGEON, Governor's Appointee

Alaska Mental Health Trust Authority Board of Trustees

Anchorage, Alaska

POSITION STATEMENT: Testified during his confirmation hearing.

JOE RIGGS, Governor's Appointee

Alaska Mental Health Trust Authority Board of Trustees

Anchorage, Alaska

POSITION STATEMENT: Testified during his confirmation hearing.

JEFF LANDFIELD, representing self
Anchorage, Alaska

POSITION STATEMENT: Opposed the confirmation of Joe Riggs.

ACTION NARRATIVE

[1:30:53 PM](#)

CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Coghill, Stevens, Begich, Giessel, and Chair Wilson.

CONFIRMATION HEARING(S)

Alaska Mental Health Trust Authority Board of Trustees

[1:31:05 PM](#)

CHAIR WILSON announced the consideration of the governor's appointees to the Alaska Mental Health Trust Authority Board of Trustees. Chair Wilson introduced Ken McCarty and asked him to speak about why he would make a good trustee.

[1:31:21 PM](#)

KEN MCCARTY, Governor's Appointee, Alaska Mental Health Trust Authority Board of Trustees, Chugiak, Alaska, said he could contribute to the board from a mental health perspective. He has been involved in many different aspects of mental health from years of working with foster care and high-level residential treatment for adolescents and owning a school that served special needs kids. He is a licensed family and marriage counselor. He is executive director of Discovery Cove Recovery and Wellness Center, which is established in Kodiak and Eagle River with clients in Fairbanks and Valdez. They use innovative ways to reach out to clients with telemedicine and teletherapy. He is a pilot and flies out to villages to provide services. Discovery Cove is nationally accredited. They have psychiatric services, equine-assisted psychotherapy, and substance abuse treatment. He has been doing Medicaid-assisted treatment since 2009.

MR. MCCARTY said he has been the president of the Alaska Marriage and Family Therapy Association from 2013 to 2015. He was on the Alaska Board of Marital and Family Therapy for six years. He does not have much experience in land management, but

he has experience in the management of mental health business. His perspective as a trustee candidate is about priority to effectiveness of treatment. Financial accountability is important to be able to offer services and to show the efficacy of services. People with mental health issues who do not respond to the same treatment over and over can think they are in dire straits when there can be other effective treatment. For example, there is a strong relationship between nutrition and mental health. He recounted a story of how a client responded favorably to better nutrition.

MR. MCCARTY said the mental health trust can ask where the funding is going and is it for effective treatment. They need nationally accepted, reliable assessments for baselines and outcomes to monitor programs. A bank would ask for a business model before investing in a business. The same thing exists in mental health. Programs must be monitored and they must expect results to be shown in data.

[1:37:20 PM](#)

SENATOR STEVENS said he has known Mr. McCarty for years. He asked him about the state of mental health in Alaska.

MR. MCCARTY replied that is a broad question. He started doing opiate treatment with the suboxone piece in Kodiak in 2009. Heroin was rare in Kodiak. Now it is all over the place. That was a big issue in Anchorage in 2010. He sees a decline in opiates because of the effectiveness of requiring physicians to not overmedicate with pain medication. He is not sure how the state is doing in other areas. He has no data to show improvement or not. He has brought up questions about assessing what is happening above a certain latitude. There is no research to see if there is an increase in certain mental health issues.

[1:39:07 PM](#)

SENATOR BEGICH asked if he has any potential conflicts of interest because of his ownership of Discovery Cove and how would he address any conflicts.

MR. MCCARTY replied that he has thought of that. He would recuse himself if there were a conflict. Discovery Cove does not receive any grants. It is fee-for-service, so he sees no conflict there. He thanked the committee members who had been involved in passing SB 105, which expanded the ability to reach out to people.

[1:40:15 PM](#)

SENATOR GIESSEL said the fact sheet for the Alaska Mental Health Trust Authority Board of Trustees states that one of the criteria for qualifications is that an appointment be based on the ability in financial management, investment land management, or in services for trust beneficiaries. Mr. McCarty meets that quite well. She had looked to see if there was a conflict of interest, and actually this is one of the criteria they look for with trustees.

CHAIR WILSON introduced the next appointee, John Sturgeon, and asked him to speak about why he would make a good trustee.

[1:41:16 PM](#)

JOHN STURGEON, Governor's Appointee, Alaska Mental Health Trust Authority Board of Trustees, Anchorage, Alaska, said his work history includes working for the U.S. Forest Service in Southeast Alaska. He was also timber manager for the Alaska Division of Forestry. He ended his time there as State Forester under Governors Hammond and Sheffield. He has worked for Koncor Forest Products and harvested timber for the Ouzinkie Native Corporation. He has his own business, Frontier Trading, which deals with selling products imported from China. He served in the U.S. Navy with two tours in Vietnam. He volunteers for a number of boards. The most relevant one for the Mental Health board was the regional advisory board for the Pacific Northwest University of Health Science in Yakima, a new university. It trains doctors for rural areas in five states, including Alaska. He resigned from that board six months ago. While on that board, he visited many medical facilities across the Northwest, including mental health facilities.

MR. STURGEON said he has had many acquaintances and relatives, including a special needs granddaughter who is now 19, who have needed services of the Mental Health Trust facilities. His 49 years in resource management in Alaska would be helpful. He has done land management for Native corporations in Kodiak and Ouzinkie since 1986. He can help the trust with their land holdings. One of their biggest assets in land is timber. Land management is something he understands well.

SENATOR BEGICH said Mr. Sturgeon has land management experience, which is one of the qualifications for the board. He asked Mr. Sturgeon if he was familiar with the four boards that advise the Mental Health Trust Board.

MR. STURGEON replied vaguely. He went to one meeting and they all made reports at that meeting. "It was like drinking from a

fire hose that first meeting. It was two days in Juneau. We weren't confirmed, of course, but we just sat on the side and tried to listen," he said.

SENATOR BEGICH said he should have asked Mr. McCarty the same questions. The Mental Health Trust Board of Trustees has had a troubled history as has had the Mental Health Trust. A significant audit had scathing results. In-depth engagement between the board and staff raised questions. He asked if Mr. Sturgeon thought a member of an authority like the trust should be involved in day-to-day decisions on a regular basis.

MR. STURGEON said he has been on a lot of boards and he would not advise that. That is not the role of a board member. The role of a board member is to review what management is doing, accept the goals and objectives, lay out a plan for where the organization should be going, and monitor that plan and budget. A board member should not be involved on a day-to-day basis.

[1:47:38 PM](#)

SENATOR BEGICH asked if a board member for an authority like the Mental Health Trust should be directly involved or interact on a regular basis with members of staff, other than the executive director.

MR. STURGEON said based on his experience on boards and in management, he would say no. They have frequent board meetings, seven or eight times a year. They get updates once a week if something is ongoing. A board member can always call a special meeting. Getting involved in management on a frequent basis is not the way best way to run a business.

SENATOR BEGICH said he had an awkward question, but Mr. Sturgeon is involved in a lawsuit [Sturgeon v. Frost] with potential connotations regarding things such as land issues and river rights of way. He asked if Mr. Sturgeon saw any conflict with his role as a board member.

[1:49:10 PM](#)

MR. STURGEON said he couldn't imagine any conflict. He doesn't know how the Supreme Court will rule. The state of Alaska supported the lawsuit under three administrations and thought it was in the best interests of Alaska. In addition, it is all done, and they should have a ruling soon. There is no more input to be given. It is out of his hands.

SENATOR BEGICH said to keep the firehose handy. There is a lot to learn on the board.

SENATOR STEVENS said he has known Mr. Sturgeon and his work with the Kodiak and Ouzinkie Native corporations. He has led them through some impressive times and found ways to fund their organization through timber management. No one else on the board has his background in timber management. He asked if managing timber was one of the major ways of funding the trust.

MR. STURGEON said it is a major source of funds. At the last meeting a chart showed where funds had come from over the years. Timber was a big contributor. With the recent trade they did with the Forest Service, it will become more important. He has a lot of experience with land management. Much of what they do is related to sales and leases, but timber can be a major contributor to the trust. There are some big chunks of money coming in. They are logging Icy Bay, which is a big source of revenue. The timber they traded for with the Forest Service will be a big source of income in years to come.

CHAIR WILSON introduced the next appointee, Joe Riggs, and asked him to speak about why he would make a good trustee.

1:52:29 PM

JOE RIGGS, Governor's Appointee, Alaska Mental Health Trust Authority Board of Trustees, Anchorage, Alaska, said trustees have a dual role. "One of being a fiscal conservator, running the trust in perpetuity. The other side being the program side, for the benefit of as many beneficiaries as possible," he said. He would say he is more of a generalist than a specialist when it comes to his resume. His work experience has taken him down two paths that have intertwined. One is in finance and the other is on the medical side. He has been a financial advisor for a number of years. He has recently reentered the field with a major firm in Anchorage. He understands portfolio and trust management and fiduciary responsibilities. He can do the math. He has access to his firm's toolbox. If there are questions on the portfolio side, odds are he could find the answer if it were not readily available to them at the time.

MR. RIGGS said the other side has been in the medical field. From the age of 15 he was in the back of an ambulance. He was a paramedic for ten years. He saw firsthand the effects of substance abuse, homelessness, and mental health issues. From being a paramedic, he went into practice management, trying to grow practice while reducing barriers to care. He stood side by

side with physicians in their health care facilities to provide measurable better patient outcomes at a lower cost. The medical side of his career has taken him to hospitals across the state, from the corporate suite down to loading docks with stops in operating rooms and emergency rooms. He has a good outside view of how the machine works. At the very least he can interpret medical jargon.

MR. RIGGS said his son is a trust beneficiary. Ten years ago, the happiest day of their lives turned into a stay in the Neonatal Intensive Care Unit. They went from counting toes to counting seizures. Life hasn't been the same since. They were dropped into a world of trying to get a diagnosis and trying to find the best path for their child to get the best outcomes. It is daunting. People have told him that he knows what other beneficiaries are going through. He said no one can know what someone is going through. Every kid is different, but he can understand what it is like to put a massive amount of family energy and finances into a child. He understands what it is like to have the kid who doesn't get invited to birthday parties. He understands. Because he understands this, he can say that he doubts that the beneficiaries will ever find a more passionate and vocal advocate. His understanding is that he will be the only board member who has an immediate family member as a beneficiary. That is a driver of his. It has driven him be on the board of the blood bank so they could work on their stem cell program, and to be on the board of Challenge Alaska, which is about adaptive sports. It has been a driving force in his life for the past ten years. This is the best way for him to give back to the community.

[1:57:25 PM](#)

SENATOR BEGICH asked if he knew the four advisory committees for the trust.

MR. RIGGS answered that just like Mr. Sturgeon, he was at the meeting drinking out of the firehose. He said he had spoken to all the boards. He mentioned the Mental Health Board and the Governor's Council on Disabilities and Special Education

SENATOR BEGICH said other two are the Board on Alcoholism and Drug Abuse and the Commission on Aging. He said as he had mentioned earlier, the Trust Authority has had significant difficulties, particularly with direct dealings between the Trust Authority Board and staff. He asked if Mr. Riggs could separate himself from the day-to-day management of the Trust Authority.

MR. RIGGS responded that as trustees, they oversee and put their faith in the CEO and the CEO is responsible for the day-to-day management of the trust.

SENATOR BEGICH asked if he understood his concern since Mr. Riggs' described his connection to Merrill Lynch and his ability to dig into financial details. He asked if he saw that as part of his responsibilities.

MR. RIGGS said no, he just saw it as a source of information and knowledge. The financial assets are directly managed by the Permanent Fund. They don't have any say about how they are invested on a day-to-day basis.

SENATOR BEGICH asked if he thought a board member of an authority like the Mental Health Trust should be directly involved or interact with members of staff on a regular basis other than the executive director.

MR. RIGGS answered no, but he would like to make himself available for outreach and education with the approval of the CEO.

[2:00:09 PM](#)

SENATOR BEGICH said he was reluctant to bring this up, but about an hour ago the committee members received an email about a mailing during the election. He is concerned about the level of integrity on the board. Each trustee represents Alaska. He asked if Mr. Riggs could offer a comment on what [Governor Dunleavy's] Chief of Staff Tuckerman Babcock called a cheap personal attack when he was chair of the Republican Party and whether that would affect his ability to serve on this board.

MR. RIGGS replied that was a fact-based mailer and linked to source. It had nothing to do with any personal feelings toward the opponent. It was simply meant to put the truth out about what the opponent was misstating.

SENATOR BEGICH asked if he felt it would impair his ability to serve on the board.

MR. RIGGS answered absolutely not. He is for truth and transparency.

[2:02:08 PM](#)

CHAIR WILSON opened public testimony.

2:02:24 PM

JEFF LANDFIELD, representing self, Anchorage, Alaska, opposed confirmation of Joe Riggs. He said the mailer in question was a ploy sent to Republicans in the district. Joe Riggs ran against Albert Fogle and Laddie Shaw in the Republican primary for District 26. It was a ploy to point out to conservative members in the district that one of his opponents was gay. It was a disgusting attack. At the time, the chairman of the Republican Party, Tuckerman Babcock, described the mailer as a cheap personal attack and said he was very disappointed in Joe Riggs' campaign tactics. Along with the mailer, Joe Riggs' campaign set up a website that portrayed one of his opponents as an openly gay man with a photoshopped image of his partner. Everyone knew what it was about. It was a last-minute attack the day before the election. He did not think that kind of attack in politics is worthy of the character of someone sitting on the Mental Health Trust Board of Trustees.

2:04:12 PM

CHAIR WILSON closed public testimony.

2:04:28 PM

SENATOR GIESSEL said that in looking at the roster of current board members, she only saw two with terms expiring. She asked what third seat was open.

CHAIR WILSON said he did not know but would find out.

SENATOR STEVENS said he had not seen this email. He asked if the governor still stood behind his nominees.

CHAIR WILSON replied that he had met with the director of boards and commissions; at this time, they support all nominees of this board.

2:05:37 PM

SENATOR COGHILL said regarding the public testimony, the people should know that for independent expenditures, the involvement of candidates is forbidden. He found it very unfortunate if someone's independent expenditure put this guy in an awkward position. From everything he has read today, it sounded like an independent expenditure.

SENATOR BEGICH added that Mr. Riggs' testimony indicated that he was intimately involved and he would caution that there may be

other issues. He said he did not know, but it didn't seem to be a truly an independent expenditure.

CHAIR WILSON said the chair of the party, who is now the governor's chief of staff, has had the opportunity to give his input to the governor. The governor's office still supports all these candidates today.

SENATOR STEVENS asked if they could make sure three seats are open before they make their final decision.

SENATOR WILSON answered that they could do that.

SENATOR GIESSEL said the committee is not voting on the candidates today, so there would be time to get the information. The joint bodies will decide who goes forward and who does not.

SENATOR BEGICH affirmed what Senator Giessel said. There was time to get the facts.

[2:08:17 PM](#)

At ease

[2:20:21 PM](#)

CHAIR WILSON reconvened the meeting. He reported that the third person is Paula Easley. Her appointment expired in 2018 and was never reconfirmed by the Walker administration. She was serving until replaced.

CHAIR WILSON stated that in accordance with AS 39.05.080, the Senate Health and Social Services reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Alaska Mental Health Trust Authority Board of Trustees

John Sturgeon-Anchorage

Joe Riggs-Anchorage

Ken McCarty-Chugiak

CHAIR WILSON reminded members that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[2:21:15 PM](#)

At ease

2:23:06 PM

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee at 2:23 p.m.