

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 13, 2019

1:31 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

PRESENTATION: OVERVIEW OF THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ADAM CRUM, Commissioner Designee
Department of Health and Social Services (DHSS)
Anchorage, Alaska

POSITION STATEMENT: Gave an overview of the Department of Health and Social Services.

SANA EFIRD, Assistant Commissioner
Finance and Management Services
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Reviewed the DHSS budget.

CLINTON LASLEY, Director
Alaska Pioneer Homes
Juneau, Alaska

POSITION STATEMENT: Provided an update on the Alaska Pioneer Homes.

ALBERT WALL, Deputy Commissioner
Department of Health and Social Services (DHSS)
Anchorage, Alaska

POSITION STATEMENT: Provided an update on the Alaska Psychiatric Institute.

NATLIE NORBERG, Director
Office of Children's Services
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Provided an update on the Office of Children's Services.

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

POSITION STATEMENT: Provided an update on the Division of Public Assistance.

ACTION NARRATIVE

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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 Coghill, Giessel, Stevens, Begich, and Chair Wilson.

Presentation: Overview of the Department of Health and Social Services

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Chair Wilson announced the presentation of the Overview of the Department of Health and Social Services by the commissioner of the department. He noted that representatives from various divisions of the Department of Health and Social Services (DHSS) were also in attendance.

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ADAM CRUM, Commissioner Designee, Department of Health and Social Services (DHSS), Anchorage, Alaska, said he would be

presenting some of the department's highlights and successes along with things they are trying to improve.

COMMISSIONER DESIGNEE CRUM said the mission and vision of the department is to promote and protect the health and well-being of Alaskans. This authority is outlined in Article 7, Sections 4 and 5 of the Constitution of the State of Alaska. What DHSS does is important. They touch the lives of all Alaskans at some point. It is incumbent upon them to effectively spend their dollars for the greatest benefit of the population. Their ongoing priority is to find efficiencies in how they provide these services, whether through IT upgrades, process change, updated training protocols, or increased emphasis on customer service. As they address internal methodologies, they have a long-term goal of identifying and working with community partners that provide services to maximize the dollar spent and to directly address community issues.

COMMISSIONER DESIGNEE CRUM presented the organization chart for DHSS.

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SENATOR BEGICH said Commissioner Crum just said that his goal was to find efficiencies, and yet at the same time he talked about constitutional authority. Those aren't about efficiencies but about protecting the health and well-beings of Alaskans. Senator Begich asked how efficiencies fit in when government is not a profit-making business. These are the things that no one pays for. These are the people who have needs. He read Section 4 and 5 of the Alaska Constitution, "The legislature shall provide for the promotion and protection of public health and provide for public welfare." He asked how efficiencies meet the protection of public health for those who are not the most efficient folks for them to care for.

COMMISSIONER DESIGNEE CRUM said their goal is the administration of those dollars to make sure they are as efficient pass a through as possible, so that the maximum benefit of the dollars is touching the people who need them.

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SENATOR GIESSEL asked if an example of that would be improving the eligibility assessments of applicants for Medicaid.

COMMISSIONER DESIGNEE CRUM replied that it is items such as that, whether it be eligibility for public assistance, enrollment verification or to make sure that there is as little

fraud as possible and that they are truly helping those who need it.

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SENATOR GIESSEL said that when she looks at nonprofit web sites, they often list DHSS as one of their funders. She noted that he talked about partnering with local groups and asked how that works.

COMMISSIONER DESIGNEE CRUM replied that they work with local providers through the grant process. Many times the local providers are service-based with volunteers and have lower overhead and work directly with individuals in need. The department is working on being outcomes-based with increased reporting from partners to make sure they are truly helping.

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SANA EFIRD, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services (DHSS), Juneau, Alaska, presented slide 4 showing the budget information for the seven core services that DHSS identified about five years ago through a results-based budgeting activity that all divisions participated in:

- Protect and promote the health of Alaskans
- Provide quality of life in a safe living environment for Alaskans
- Manage health care coverage for Alaskans
- Facilitate access to affordable health care for Alaskans
- Strengthen Alaska families
- Protect vulnerable Alaskans
- Promote personal responsibility and accountable decisions by Alaskans

MS. EFIRD said that the process took about a year and a half to two years. Divisions tried to identify the true core services addressed in the constitution through public health and welfare that are serving with their dollars. The slide shows how the current proposed governor's budget is aligned to these core services. With a new commissioner and leadership, they will be looking at this process again to determine if those are still the core services.

CHAIR WILSON asked her to provide a one line description of the services. He was lost about "promote personal responsibility and

accountable decisions by Alaskans," which is 64 percent of their budget.

MS. EFIRD responded that those are preventive activities such as education about how to help Alaskans be more accountable for their own health and promotion of ways that they can be healthier, such as not smoking and obesity efforts, to address things that will cost more money down the road.

COMMISSIONER DESIGNEE CRUM added that the department was asked to prioritize the services they provide and it is exceptionally difficult to do. The services they deliver are mandated by the constitution and state and federal statute. While a direct ranking of the priorities may not be possible, they are in a continuous state of improvement.

SENATOR GIESSEL said she was going to ask if the percent of general funds expended for each core service shown on slide 4 exemplified the priorities, but he was saying that was not true or it couldn't be put in a box.

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COMMISSIONER DESIGNEE CRUM replied that it is hard to put it in the box because they do womb to tomb and deal with prenatal care all the way to burial relief services. The items have different priorities to individuals and groups and that is difficult to quantify.

CHAIR WILSON said it is not impossible to do, just difficult. Other states such as Oregon have listed these in priority by bringing stakeholders to the table. He knows that no one wants to pit seniors against kids in a priority list, but other states have done these tasks. He was hoping to see that with this department, to bring stake holders to the table and have a systematic approach on how to rank these decisions. They are in a time that calls for looking at what services the people in Alaska want. The department could help coordinate these exercises to help engage stakeholders. That was his goal two years ago when he asked for a ranking. He wanted to start a process and conversation about what core services the people of Alaskans are looking for in order to prioritize those needs. He said he hoped DHSS could look at what other states have done with that ranking model to prioritize these services.

SENATOR BEGICH asked if the percentages on the far right represent general funds in that category.

MS. EFIRD answered yes.

SENATOR BEGICH highlighted that 64 percent of funding for "promote personal responsibility and accountable decisions by Alaskans" comes from general funds and about a third comes from federal money.

MS. EFIRD agreed.

SENATOR BEGICH said that if they looked at it differently, the largest component of general funds is for "provide quality of life in a safe living environment for Alaskans," followed by "protect and promote health," and then "protect vulnerable Alaskans."

MS. EFIRD answered yes.

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SENATOR BEGICH said he wanted to hear how they are meeting "protect vulnerable Alaskans" with proposed regulatory increases at the Pioneer Homes. He said he hoped to hear how efforts at privatizing the Alaska Psychiatric Institute (API) works into affordable health care, the quality of life, and safe living environment for Alaskans. He also wanted to hear how the department is meeting these particular goals with some of the proposed cuts. Chair Wilson indicated that he has asked for priorities. Senator Begich asked if the priorities delivered to the Office of Management and Budget came from their division directors and why the committee couldn't get that list.

CHAIR WILSON said some of the upcoming slides might address Senator Begich's questions, but he asked for a response to the questions about priorities.

MS. EFIRD responded that they did provide the core services priorities list to the Finance Committees and they will provide it to this committee.

CHAIR WILSON said he would distribute the list to the committee members.

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MS. EFIRD said that slide 5 compared the governor's DHSS FY 2020 budget to the FY2019 management plan. The total budget for FY19 management plan was \$3,249,951.5 as compared to \$2,468,798.4 in the governor's amended budget, which is close to a 25 percent reduction. The funding sources consist of 58 percent federal

funds; five percent other funds, which are interagency receipts; and 36 percent general funds, of which 90 percent are unrestricted and 10 percent are designated. The largest source of designated general funds are fees paid to the Pioneer Homes, child support collections for children in foster care, background and application fees, and fees for birth and death certificates.

MS. EFIRD said looking at the chart shows that the unrestricted general funds (UGF) is reduced by \$336,649.8, which is about 30 percent. The other large reduction is in federal funds. In putting together the budget, they were directed by the governor's core tenets:

- Focus on core services
- Expenditures cannot exceed existing revenue
- Maintain and protect our reserves
- Does not take additional funds from Alaskans through taxes or the PFD
- Must be sustainable, predictable, and affordable

SENATOR BEGICH said that in earlier testimony, the commissioner said that one of the reasons for privatizing API was because in the long run, if they could not run API in a safe and effective manner, they would lose the ability to staff it and these people would be back in hospital emergency rooms. Senator Begich asked if giving up half a billion dollars in matching federal funds is going to do the same thing by pushing the Medicaid expansion population and others who will lose coverage back on hospitals, but at a significantly higher magnitude.

COMMISSIONER DESIGNEE CRUM replied that DHSS will manage this as best as they can with the resources provided. API would have lost federal funding through the certification process. They will address that later. It is a big ask, but it is the fiscal reality of the state. They are going to have to work around this and work with partners on this.

SENATOR BEGICH said the federal Medicaid match to state funds varies from 50/50, 90/10, and at times 100 percent. That is half a billion dollars in a time of fiscal crisis. He asked how saying goodbye to \$452 million meets that goal and the criteria the commissioner is describing. He said that various entities from the health care field have told him that that burden could close virtually every hospital in the state except the five big

ones. He asked how that would promote and protect the public health of Alaskans.

COMMISSIONER DESIGNEE CRUM responded that next Tuesday more detail will be available in the House. They are verifying with the Centers for Medicare and Medicaid Services (CMS) what the first phase of the Medicaid budget plan is going to be. They do have a goal of protecting those critical access hospitals around the state and providing access to primary care as well. This week Deputy Commissioner Steward is in D.C. working with CMS to get verification on how they can move forward with that. They have been cognizant of those issues, to keep hospitals open.

SENATOR BEGICH said that he hoped he would be cognizant of that. It is nearly half a billion dollars.

COMMISSIONER DESIGNEE CRUM said the mission of the Alaska Pioneer Homes is to provide elder Alaskans a home and community, celebrating life through its final breath. The Pioneer Home budget does show a reduction, but it needs to be noted that no current resident of the Pioneer Homes will be moved. The ability to pay is not a criterion for entering the homes. The budget proposes increasing rates to match costs and those with the ability to contribute will be asked to do so. The state will contribute to the care of those who cannot.

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CLINTON LASLEY, Director, Alaska Pioneer Homes, Juneau, Alaska, said the Alaska Pioneer Homes have a long history. In 1913, the first facility was put into place in Sitka. Most of the Pioneer Homes were built in the 1960s with the mission of providing elders a home and community, celebrating life through its final breath. Putting forward the rate increase was a tough decision, but for too many years the Pioneer Homes did not have rate increases. That is how they got into the situation they are in. There were four rate increases over the last 15 years for a total of 15 percent while the inflation rate was 35 percent. The question is how to correct it. This rate increase is to protect the Pioneer Homes and to ensure they are truly providing assistance to individuals who need it. Because the rates are artificially low, they are providing assistance to every elder in a home. He asked whether, when the state is in a time of financial challenges, they should be providing assistance to everyone or should the rates reflect the cost of providing services.

MR. LASLEY said the Anchorage Pioneer Home is putting in a new nine-bed neighborhood. Last year they received capital funding to build out that neighborhood. It is for seniors 65 and older with dementia and complex behaviors, such as self-harm or excessive wandering. Those individuals were being placed inappropriately in emergency rooms, sometimes at API. There is a need for these services. They have been working with the city to make sure they have everything in place for the building. They are excited about having the nine-bed neighborhood open in early FY 20. For the past year, they have been working on transitioning 14 beds at the Palmer Pioneer Home to what is considered VA [Veterans Affairs] Skilled beds. This classification provides the same services they provide today, but it increases their VA per diem reimbursement from \$47.36 to \$107.16. They are hoping that will be in the place in the next 30 days, and they are hoping to expand the number of those beds in the future.

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COMMISSIONER DESIGNEE CRUM said the division has an expectation of reaching 90 percent occupancy across the system by July 1. The Anchorage Pioneer Home will provide a major benefit to the system by putting these individuals in the care situation that they need. If this is viable, they will continue looking at that. It is an exciting time for the Pioneer Homes because these individuals with complex behaviors need to be protected and they will have a place for them.

SENATOR BEGICH said 51 percent of Pioneer Home residents are on private pay. He asked, based on the proposed regulations, what is the most that someone will pay monthly.

MR. LASLEY said they have proposed five levels of care. The highest level of care, level five, would be \$15,000 a month for those complex behaviors, but those are not the typical residents. For most, the high end would be a little over \$13,000, which is what the services cost. Last year the Mental Health Trust Authority paid for a study on how to best use the six facilities with a look at different staffing models to serve those needs. That study considered that the current highest level of care, level three, costs \$100,070 a year to provide 24-hour nursing care services. The Pioneer Home is a hybrid between assisted living and low-level skilled nursing. Their model is to have elders come into the homes and live through until the end of life. As they live through that cycle they age in place, which requires that higher level of care at \$13,000 a month.

SENATOR BEGICH asked if the state seeks repayment from someone's estate after that person dies.

MR. LASLEY said about 30 percent of individuals in the homes are on the payment assistance program. That is in regulation and statute. For individuals who require some level of payment assistance, they do file a claim against the estate at the time of death for the portion indebted to the state. That is done with a simple letter to the court.

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SENATOR STEVENS said that it seems that the Pioneer Homes have changed. Fifty years ago, people who went into the homes were just old. Now they seem to be dementia facilities. He asked if that were true and if so, why did that happen.

MR. LASLEY responded that when the Pioneer Homes were built, they had wet bars. It was a different setting. When they were built, everyone walked in the door. That is not the case now. The average age of individuals coming into the homes is 81 because people are able to live in their homes longer. The average age in the homes is 87. About 55 percent have dementia. About 75 percent of the people on the wait list are coming in at the highest level of care.

CHAIR WILSON said last session there was a lively discussion about whether the Pioneer Homes are skilled nursing facilities but not labeled as such. It looks like they are upping the level of care in Palmer to a skilled nursing facility. He asked if there are enough skilled nursing facilities in Alaska.

MR. LASLEY answered that there is a huge need for those services in the state. The Department of Labor statistics say that the number of Alaskans age 65 and older will double in the next 15 years. The state is not keeping up with the demand. The Veterans Skilled classification for the beds in Palmer is a VA classification and not skilled in the usual sense. The reimbursement rate is for what the VA calls a skilled rate. They are still an assisted living facility. They do provide nursing care 24 hours a day.

CHAIR WILSON said that a few years ago skilled facilities wanted to come to Alaska, but their applications were denied due to the Certificate of Need process. Now Mr. Lasley says there is a shortage, but the state denied these applicants. He asked if Mr. Lasley could reconcile the difference.

COMMISSIONER DESIGNEE CRUM replied that that was before his time. In Wasilla two skilled nursing facilities are being built. They will continue to evaluate the capacity for the rest of the state.

SENATOR BEGICH asked if he is currently in any talks about the privatization of the Pioneer Homes.

COMMISSIONER DESIGNEE CRUM answered not at this time.

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CHAIR WILSON said he thought that the study recommended privatization of the pharmaceutical entity within the homes. He asked if they are looking at that as an efficiency to reduce costs.

MR. LASLEY said that the study recommendation for the privatization of pharmaceutical services was found not to be cost effective for the state. The one area where they are looking at privatization is for hospitality services. That was a recommendation in 2016 legislative intent language because the Juneau Pioneer Home has contracted out for hospitality services, which includes food, housekeeping, and laundry service, for 30 years.

CHAIR WILSON said they didn't cover the \$15 million increase in the Pioneer Home budget [for payment assistance].

COMMISSIONER DESIGNEE CRUM said that when they proposed the rate increases to match costs, they understood that a large portion of that population would need payment assistance. They initially threw out the \$15 million. They are collecting data and doing projections based on the information about people who can pay. They are trying to find a complete number for the payment assistance program as they get more data.

CHAIR WILSON asked if the administration would use that funding to offset the additional cost to help ensure that no one would be kicked out of the homes.

COMMISSIONER DESIGNEE CRUM answered yes.

SENATOR BEGICH said he thought assistance was being cut from \$30 million to \$15 million.

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MS. EFIRD said the Unrestricted General Funds (UGF) are being cut for the Pioneer Homes. They are seeing a change in the budget structure. There was a component added. All the UGF prior to the FY 20 were budgeted in the Pioneer Homes component. The UGF was cut, and \$15 million was added back in a separate component for the assistance payment. The increase was given to the Pioneer Homes in designated general funds to collect additional fees. The UGF has been cut and there has been a structure change to show that general fund assistance payments will come into the Pioneer Homes as a needs-based program.

SENATOR BEGICH clarified that \$30 million UGF was provided from the state. Now it will be \$15 million with the expectation to make up the \$15 million, or whatever the need is, based on the higher fees charged.

MS. EFIRD answered that is correct. To go back to what the commissioner just said, they are looking at the \$15 million general fund number, doing more calculations, and trying to project based on information they have on who is private pay and when they may no longer be able to afford the rate to see if \$15 million is the right number.

SENATOR BEGICH said he wanted to clarify that it is not an increase of \$15 million to this budget. It is a decrease of \$15 million in terms of the state support. He said he appreciates that they are going to look at the impacts.

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CHAIR WILSON said that they are at about \$13,000 a month and the previous speaker spoke to a 38 percent increase in health care costs without rates changing and that something has to be done. He clarified that they are considering what can be done.

COMMISSIONER DESIGNEE CRUM answered correct.

CHAIR WILSON noted that Deputy Commissioner Albert Wall was on the phone.

COMMISSIONER DESIGNEE CRUM noted that they had been before the committee before to discuss API. The goal of API is to provide emergency and court-ordered inpatient psychiatric services in a safe environment using culturally-sensitive, effective, person-centered treatment followed by a referral to an appropriate level of care and support for recovery from mental illness. API reports directly to Deputy Commissioner Wall. He as commissioner assumed his authority under Title 47 to actually take over

management of API and implement a private contract for API management. It should be noted that because of those actions, CMS has extended their funding capability until mid-May, when there will be another review process. They were in serious risk of losing their federal authority to spend and bill back against Medicaid, so this is an important aspect and a very good win.

CHAIR WILSON asked if the department had received notice from CMS yet on the status of some of those filings.

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COMMISSIONER DESIGNEE CRUM said their certification and ability to bill has been extended. They have been given an extension of their provisional licensing until June 30. Their ability to act as a hospital continues. They have various ongoing issues with litigation. They have OSHA [Occupational Safety and Health Administration] still pending. They want to be transparent throughout this process. They have created a website that they consistently add information to. Every time they respond to a public request, they post their answers. The website has API governing body minutes, documents from emergency operations center for psychiatric care capacity response, and feasibility studies.

SENATOR BEGICH said that at that meeting that Commissioner Designee Crum referenced, Wellpath was on the line and on record that they formed in October. He went through the emails online and Wellpath did not form until November. He expressed concern that the company wasn't fully truthful. His bigger concern is the Chilkat unit. He has worked with the Division of Juvenile Justice in the past and been part of the juvenile justice field since 86. He understands that the Chilkat unit was closed in December. It is a unit that uses a lot of restraints. Shutting it down can count favorably toward how they appear because of the many things done in that unit. He asked when they are likely to reopen that unit, if that is the intent. He asked if Wellpath has experience working with juveniles in a psychiatric setting. Wellpath is on the record as saying not to look back at the record of the prior companies that existed. He is talking about their ability to run juvenile facilities. He is especially concerned because Deputy Commissioner Wall implied during testimony that they were looking at Wellpath as a juvenile option for them.

SENATOR STEVENS asked what the Chilkat unit is.

SENATOR BEGICH answered that it is a psychiatric unit for minors. Acute psychiatric cases are sent there, many from the Division of Juvenile Justice, and segregated from the adult population.

CHAIR STEVENS asked if they are in the same facility.

SENATOR BEGICH said that API has a number of different units for different characteristics of care.

CHAIR WILSON said Deputy Commissioner Wall could explain his error about the timeline in the previous committee meeting.

SENATOR BEGICH said it was a Wellpath error.

CHAIR WILSON said that there is a timeline discrepancy that Deputy Commissioner Wall could straighten out. The state has four or five other psychiatric level-four facilities that can help out with youth, so there is no shortage for that population.

COMMISSIONER DESIGNEE CRUM deferred to Deputy Commissioner Wall and noted that Mr. Wall was spending 95 percent of his time on this issue.

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ALBERT WALL, Deputy Commissioner, Department of Health and Social Services (DHSS), Anchorage, Alaska, said that the Chilkat unit is not closed and currently has patients. It has never been closed since he started working in December. There was a period where the occupants of the Chilkat ward had been taken into court custody and taken to the Juvenile Justice facility across the parking lot. There was some time with no one on the ward, but it could not be characterized as closed. Currently one person is there. North Star is the largest psychiatric provider for children in the state. The children who end up at API tend to be on the far end of severity and acuity for serious emotional disturbance and usually have complications around developmental disabilities as well.

MR. WALL said he was not sure about what the timeline discrepancy was. He noted he was calling from API.

SENATOR BEGICH said there have been other timeline discrepancies, but the only discrepancy he was talking about was when he asked when Wellpath formed. They wanted a clear differentiation from past entities that had formed Wellpath. The

Wellpath representative said that they formed in October 2018. In the emails on the website he saw the formation as November 7, 2018.

CHAIR WILSON said that he would pass that off because no one was there from Wellpath to testify.

SENATOR BEGICH said he also asked if they have experience with adolescent treatment.

CHAIR WILSON asked Deputy Commissioner Wall if he knew the answer.

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MR. WALL said they have not talked about their experience with children. They are working on the adult backlog of care problem they have in the state. He is aware that there is a backlog of children who need care. The issue is with limited resources how they are going to prioritize the care that they can give. Preference is being granted on legal issues to adults who have forensic needs or are on the Title 12 side of the house. That has been their conversations thus far. They have a very good relationship with North Star Hospital, which has taken the majority of children. The Chilkat unit has ten beds with one occupant. The rest of the care is being diverted to North Star.

SENATOR BEGICH asked who will do the medical billing, Wellpath or the state.

MR. WALL said another question had been about the CMS plan of correction. He is at API because the survey team from CMS just left the building. The plan of correction is an ongoing negotiation between the state and its federal partners. They return to the building periodically at unannounced times to survey whether they are on track with the plan of correction and to resurvey any incidents between the time the plan is submitted and the time the team arrives. A team showed up the day before yesterday. They do have a current plan of correction with the Centers for Medicare and Medicaid Services that has been accepted, except for the survey done today, which will be specified and put out in writing. They do have the plan of correction, which is a public document and on the website.

MR. WALL said the question about billing came up in the House Finance subcommittee meeting. The contract with Wellpath is a by bed contract. There is a dollar amount per bed. The third-party billing, with Medicaid, with self-pay for some patients, will be

a function of Wellpath. However, the money will be retained by the state and the contract fees will be paid out of that money and the federal match, which primarily comes through DSH [Disproportionate Share Hospital]. It is a little bit of both. The contract is online. Billing will be the responsibility of the vendor.

COMMISSIONER DESIGNEE CRUM mentioned that the chair had alluded to another timeframe issue. They have a letter of response about emails and language and intent. There was a conflation of dates among the emails. They will be posting a letter explaining the date timeframe.

2:25:17 PM

SENATOR STEVENS said the commissioner had been talking about efficiencies and now he was talking about a ten-bed unit with one person and they have a partnership with North Star. He asked what the overall goal is.

COMMISSIONER DESIGNEE CRUM said this will be an ongoing evaluation. They have an increased need for forensic beds in the state, which has to do with the criminal side to judge competency. As they evaluate their needs, there may be enough units and private-contract partners like North Star that can satisfy the need for the children side that they can convert. This will be an ongoing assessment that they will work on with their partners.

COMMISSIONER DESIGNEE CRUM said that Gennifer Moreau-Johnson is the acting director for the Division of Behavioral Health. In November of 2018 they received an 1115 Medicaid waiver for substance use disorder. The goal is to intervene early and increase access to regionally-based and culturally appropriate outpatient treatment services for these disorders and increased access to local crisis and community-based subacute treatment and wraparound services. Currently, they have either detox centers or API and nothing in the middle. The goal is to provide increased access to these facilities. It will ultimately drive down costs. Using these community-based systems will mean less inpatient, residential, and emergency care. They will be pursuing many different aspects.

COMMISSIONER DESIGNEE CRUM said that because of the 1115 waiver, they were able to partner with the Mental Health Trust Authority to do an infrastructure analysis of existing facilities and ability to provide services in Alaska. The project started in January with visits to regional hubs and will conclude in May.

Behavioral health service providers are being surveyed to determine infrastructure needs to provide the proposed services for each of the 1115 waiver population groups. The Office of Children's Service (OCS) is also participating. They are traveling to hubs as a team to do assessments of available resources.

2:28:10 PM

COMMISSIONER DESIGNEE CRUM explained why OCS is included:

- A 2017 Federal Audit of Alaska's child welfare system identified that the services that OCS purchases through grants family support, preservation and reunification are not adequate and additionally, the availability of a continuum of community-based substance abuse and mental health services needed for families in the child welfare system is not adequate.
- Drawing attention to the unique service needs of child in protective services (CPS) involved families.
- Identifying provider capacity and interest for providing prevention services that will be available through the new Family First Prevention Services Act.
- Combining these efforts strengthen intradepartmental working relationships; and, reduce interruption of services at the community level since providers need only set aside time for one meeting instead of two.

COMMISSIONER DESIGNEE CRUM said that the goal of OCS is to work in partnership with families and communities to support the well-being of Alaska's youth and children. It is a large, important division. The legislature passed HB 151, which provided and funded new OCS positions. They had an issue of very high caseloads which created high turnover. It was hard to retain workers. Of the first 31 positions that were allocated in 2017, the majority went to the office in Wasilla. The average caseload was around 41; now the average is 13 per caseworkers. New positions were added for 2018. Those dollars have helped.

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CHAIR WILSON asked about the status of the first cohort for tribal compacting and whether more entities would join the compact this year.

2:30:50 PM

NATLIE NORBERG, Director, Office of Children's Services, Department of Health and Social Services (DHSS), Juneau, Alaska, said the first full cohort consisted of 18 cosigners. The first

year has been spent primarily on implementing the scope of work regarding relative searches. They had held off on signing up new cosigners for the first year. If they are moving forward with the compact, it can be renegotiated in 2020.

CHAIR WILSON asked who will decide whether the compact continues.

MS. NORBERG answered that the administration must make the decision about whether they are moving forward with the compact. All aspects of the compact are very much negotiated in a group way among the cosigners. She thought the cosigners are interested in more cosigners signing on if there is an interest. A lot depends on the funding and availability to share resources among the cosigners.

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SENATOR COGHILL said they passed HB 151 with more money for staffing. He asked about the stabilization of the workforce.

MS. NORBERG said they were able to give the Wasilla office a large infusion of new staff in 2017 and that office turnover rate is beginning to stabilize but it is by no means stable. Statewide the turnover rate is 51 percent. It is still high. They are not seeing the benefits of the positions they received last year going into full effect. Many of the staff are still in training mode and have not been able to take on full caseloads.

SENATOR COGHILL said he wanted a general picture. They did not solve the problem. They were working on it, but they did not solve the problem.

SENATOR BEGICH asked when they do expect to see the training process finish and when will these new employees take on full caseloads.

MS. NORBERG said HB 151 requires additional training for staff. It will take six months for the training to go into full effect. New workers need six months on the job to take a full caseload. They just finished a round of strong recruitment efforts for the 21 new positions. They have ongoing caseworker turnover. The new caseload caps statutorily don't go into effect until July 2020. They are certainly hopeful that the many different strategies that they will be employing will stabilize the workforce by then so they can implement the caps.

CHAIR WILSON said that OCS will be back next week when they give their response to the Citizen Review Panel.

SENATOR BEGICH said he has the same concern as Senator Coghill. They fund the positions. They need to know when things will look different. If they are not going to look different, then retool, redo. He asked if they could come back with some general targets about when they can expect changes based on the robust recruitment she described.

CHAIR WILSON said he will give them his questions so they will be prepared to answer next week.

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COMMISSIONER DESIGNEE CRUM said that Tracy Dompeling is the director of the Division of Juvenile Justice. The mission of the division is to hold juvenile offenders accountable for their behavior, promote the safety and restoration of victims and communities, and assist offenders and their families in developing skills to prevent crime. They have had success with the Trauma Informed Effective Reinforcement (TIERS) Program:

- With technical assistance from national experts, implemented (TIERS) program at the McLaughlin Youth Center, Girls Detention and Treatment Units.
- The TIERS program is a gender and trauma responsive approach to working with female youth.
- In the past 12 months these units have seen a 30% reduction in the number of youth restraints per month compared to the previous year.

COMMISSIONER DESIGNEE CRUM said the goal is to have no youth restraints. He described a job training success at the Bethel facility. Through a grant program a youth was exposed to industry and under the supervision of the facility staff, worked on maintenance of vehicles. He now is in a comprehensive welding and training program while holding down a job.

CHAIR WILSON asked about the potential closure of the Nome facility. The privatization study looked at facilities in Nome and Kenai. He asked about the process for why Nome was chosen, vs. Kenai, which is on the road system.

COMMISSIONER DESIGNEE CRUM said the Nome facility had about eight individuals a day, which is an occupancy rate around 50 percent. That is a lower occupancy rate. There are also facility

and structural issues. They would have to do a substantial capital investment project or look toward something else.

SENATOR BEGICH said he thought Nome was an eight-bed facility with a couple of crisis bed.

COMMISSIONER DESIGNEE CRUM said perhaps it was 11 or 12.

SENATOR BEGICH said they still own the facility. The privatization study recommended against privatization, so he asked what they will do with the facility. Commissioner Crum described the success of the Division of Juvenile Justice. He commends the division for the job they are doing. That is why he was taken aback when he heard Mr. Wall mentioned looking at Wellpath as potentially playing a role in the privatization of the Division of Juvenile Justice. He asked if Commissioner Crum is looking at privatizing that division.

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COMMISSIONER DESIGNEE CRUM answered no; it was initially just an idea they were throwing around, but they have not explored that any further. Nome is nine beds. They were trying to explore the importance of the Nome facility to the region. They explored different options. The privatization study called for it to be privatized by a group to be run as a juvenile justice facility. With the 1115 waiver, they were looking at whether a funding mechanism is in place so that a regional group could run that as substance abuse treatment center. They are in preliminary talks with one partner. They have also had initial talks with Representative Foster. Representative Foster understands that they are trying to find a viable option for that to provide a service. This is a long-term goal. They believe that having a substance abuse treatment center could be good for the region and satisfy their CMS partners by providing access in remote areas and it would be easier to provide culturally appropriate and sensitive material in a therapeutic environment.

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COMMISSIONER DESIGNEE CRUM said the goal of the Division of Public Assistance is to promote self-sufficiency and provide for basic living expenses for Alaskans in need. This is the gateway to the system at DHSS. The eligibility technicians do screening. They have been known for the backlog. In 2017, at the highest point they had had a backlog of 28,991 applications. Currently it is just under 10,000. They have made a fantastic effort. He had shared with the committee during his confirmation hearing that his concern about the backlog and the lack of services

provided was one of the reasons he was interested in the department, so he is very proud of this aspect.

SHAWNDA O'BRIEN, Director, Division of Public Assistance, Department of Health and Social Services (DHSS), Juneau, Alaska, said they have been working with the Alaska Native Medical Center to outstation staff there, primarily to address the backlog issue with their members with Medicaid. Through external and internal collaborative efforts, they are days away from outstationing five staff members there. They have had one person there for years. They are looking at replicating that elsewhere with other providers. Once they have tested that out, they will offer that to other facilities.

CHAIR WILSON said hospitals can have their own staff be Medicaid verifiers. He asked how outsourcing staff is different from using a staff person at another medical facility.

MS. O'BRIEN responded that it is beneficial to retain work with their own employees because those staff can work on more than Medicaid applications. They can continue to work on the backlogs from other offices. They will have the same access to the system. They will focus on the members and backlog for that facility, but they will continue statewide work on other programs. Some programs are not allowed to be outstationed, such as eligibility determinations for SNAP [Supplemental Nutrition Assistance Program]. This will continue with the same work model they have in place while addressing the backlog on a statewide level and address concerns of tribal partners.

CHAIR WILSON asked how they will maintain security of data.

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MS. O'BRIEN answered that since they will be their employees, they will have the same security parameters as existing staff. They will be seated in office spaces not accessible to the public. The material they have access to will be housed through the state network and mainframe. All HIPAA [Health Insurance Portability and Accountability Act] requirements will be met. They are working on procuring an electronic document management system to eliminate paper files.

CHAIR WILSON asked if that is in addition to the current system and what is the status of the transition from one system to the other.

MS. O'BRIEN said the eligibility system is called ARIES. They have two systems. Medicaid is done through the ARIES system. The legacy system EIS is for all the other eligibility determinations. They are moving forward with the development of ARIES. The electronic document management system will accompany both of those systems. The intent is that whatever is purchased will interface with the other systems as well as offer other efficiencies they don't have, such as an electronic notification process.

CHAIR WILSON said that is the possibility of three different systems. He asked how efficient that is. This year he has heard about 27 different database upgrades for the state of Alaska. It would be wonderful if the divisions could work together to upgrade systems. These are all databases. He hoped they were working with the Department of Administration to centralize this. He questioned how they can continue the approach of independent contracts all doing one database at a time.

MS. O'BRIEN said they are looking at using the same system the Department of Revenue purchased for the permanent fund dividend. It will just manage paper to make their process a paperless one without any paper files spread out across the state. The intent is for efficiency and they are working with the Office of Information Technology at the Department of Administration to utilize the existing vendor they have already authorized for the state.

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CHAIR WILSON said he was glad to hear that because not everyone in the state is doing that. In terms of staff, last year a bill increased staff. He asked about the status of hiring for that staff.

MS. O'BRIEN said they have hired all but eight of those positions. An additional 20 were authorized in last year's session. They are in different stages of training. The backlog has diminished. They still anticipate needing the staff because they want to stabilize the workforce while they implement the document management processes. That will take about at least a year to implement because of the number of paper files now. Through other efforts, whether through the proposed budget reductions or other mandates, they will have an increase in workload this summer. As they make their processes more efficient, such as through technology enhancement, they will continue looking at the workforce to see how they stabilize over the next year. The priority of the division is stabilizing and

evaluating staffing needs after addressing the backlog completely.

COMMISSIONER DESIGNEE CRUM said that when he was taking tours of facilities within the department, he stopped at the Division of Public Assistance. In Wasilla alone there is a 1,400 square foot room with filing cabinets and banking boxes to the ceiling. There is so much manual processing within the department that these modernization efforts will take a long time, but they will make the search system much faster and allow increased responsiveness.

MS. O'BRIEN said their training delivery method is under review. They are looking to reduce travel costs for training for eligibility staff. It can take up to one to two years to become fully competent in all the eligibility determinations. It is a complex process. They will have designated trainers in each office so they can start training staff from the day they are hired, rather than having them work on other things until they can attend training.

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SENATOR COGHILL said turning the corner on the backlog will be a big deal. He asked what the pay ranges are for the eligibility technicians.

MS. O'BRIEN said the lowest level eligibility technician is a range 14 and is expected to know complex rules about eligibility and keep up with any changes. It is about \$86,000 annually with benefits included.

SENATOR BEGICH asked what the take home pay is.

MS. O'BRIEN replied that is about 30 percent less.

SENATOR COGHILL said he wanted to give a shoutout to eligibility technicians because they and the DMV are the face of Alaska.

COMMISSIONER DESIGNEE CRUM said the mission of the Division of Public Health is to protect and promote the health of Alaskans. This division manages a lot of Medicaid systems and setup, electronic interfaces. He asked if the committee had any questions about this division and their Medicaid budget and goals.

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CHAIR WILSON said they are working hand-in-hand with CMS with the new waivers. He asked if they are looking at any new waivers. That would help with any guesstimates about approvals from CMS.

COMMISSIONER DESIGNEE CRUM answered that it is a combination of differ waivers. He was proud to announce that they are meeting with CMS Administrator Seema Verma that week. They will have a better idea of the timeframe in the coming weeks. Next week they will try to release phase one, cost containment strategies that they know they can achieve in FY20. Phase two will be the larger, grand scheme change, the overall plan. Primary levers for phase one will be rate adjustments, service utilization adjustments, program and administrative adjustment, and maximizing levers in order to retain the individuals on that.

CHAIR WILSON said currently, the budget has decreases in Medicaid pending. Hopefully they will have these waivers, but they have to set prices in the budget by July 1 to go out to providers. They may not get an answer from CMS by July 1.

COMMISSIONER DESIGNEE CRUM said a lot of Medicaid dollars on the federal side have a lot of approvals tied to them. Phase one will be about things they have control over, such as state plan amendments that they have already verified or are verifying now with CMS. They are getting a lot of answers this week that they will give to the House next week.

CHAIR WILSON said he would rely on Senator Coghill to follow up in the HSS subcommittee process.

SENATOR BEGICH said he wanted to refer to the first slide, which was about protecting and promoting public health and welfare. Saving money for the state in public health shifts that cost by reducing medical coverage for people who can't afford it and pushes them back into emergency room care. That is counterintuitive to him. Commissioner Crum should keep that in mind. If it is only a dollars-and-cents issue, he asked why they are letting \$452 million go.

SENATOR COGHILL said last year as they were wrapping up the session, they had a \$45 million surprise. He would rather not see that, so he asked Commissioner Crum to keep them abreast if he knew of anything big coming. That was a shocker for them. The first round was \$90 million and then cut to \$45 million.

SENATOR GIESSEL said she wanted to comment as a health care provider about promoting and protecting the health of Alaskans. The second to last bullet on slide 4 says "promote personal responsibility and accountable decisions by Alaskans." As a health care provider, she cannot make someone well. She can help them become well by providing tools to make personal decisions and take on responsibility for their health. No amount of money is going to promote and protect the health of Alaskans unless they are taking personal responsibility and being accountable for themselves. She just had to say that.

CHAIR WILSON said they will schedule the rest of the presentation for a later time.

COMMISSIONER DESIGNEE CRUM said this part of the process makes them better as they understand the importance of outcomes, particularly with positions. He appreciates the distinction Senator Begich made about what are the efficiencies they are trying to gain. It is about making what they do as efficient as possible so they can help even more individuals.

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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 3:01 p.m.