

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

February 19, 2020

1:31 p.m.

**MEMBERS PRESENT**

Senator David Wilson, Chair  
Senator Natasha von Imhof, Vice Chair  
Senator Cathy Giessel  
Senator Mike Shower  
Senator Tom Begich

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: DEPARTMENT OF HEALTH AND SOCIAL SERVICES UPDATE

- HEARD

HOUSE BILL NO. 29

"An Act relating to insurance coverage for benefits provided through telehealth; and providing for an effective date."

- MOVED SCS HB 29(HSS) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 29

SHORT TITLE: INSURANCE COVERAGE FOR TELEHEALTH

SPONSOR(S): REPRESENTATIVE(S) SPOHNHOLZ

02/20/19	(H)	PREFILE RELEASED 1/11/19
02/20/19	(H)	READ THE FIRST TIME - REFERRALS
02/20/19	(H)	HSS, L&C
03/26/19	(H)	HSS AT 3:00 PM CAPITOL 106
03/26/19	(H)	Heard & Held
03/26/19	(H)	MINUTE(HSS)
03/28/19	(H)	HSS AT 3:00 PM CAPITOL 106
03/28/19	(H)	Moved HB 29 Out of Committee
03/28/19	(H)	MINUTE(HSS)
03/29/19	(H)	HSS RPT 3DP 1NR
03/29/19	(H)	DP: CLAMAN, DRUMMOND, SPOHNHOLZ

03/29/19 (H) NR: PRUITT  
 04/12/19 (H) L&C AT 3:15 PM BARNES 124  
 04/12/19 (H) -- MEETING CANCELED --  
 04/15/19 (H) L&C AT 3:15 PM BARNES 124  
 04/15/19 (H) Scheduled but Not Heard  
 04/24/19 (H) L&C AT 3:15 PM BARNES 124  
 04/24/19 (H) Heard & Held  
 04/24/19 (H) MINUTE(L&C)  
 04/26/19 (H) L&C AT 3:15 PM BARNES 124  
 04/26/19 (H) <Bill Hearing Canceled>  
 04/29/19 (H) L&C AT 3:15 PM BARNES 124  
 04/29/19 (H) Moved HB 29 Out of Committee  
 04/29/19 (H) MINUTE(L&C)  
 04/30/19 (H) L&C RPT 5DP 2NR  
 04/30/19 (H) DP: HANNAN, STUTES, FIELDS, WOOL,  
 LEDOUX  
 04/30/19 (H) NR: REVAK, TALERICO  
 05/07/19 (H) TRANSMITTED TO (S)  
 05/07/19 (H) VERSION: HB 29  
 05/08/19 (S) READ THE FIRST TIME - REFERRALS  
 05/08/19 (S) HSS  
 02/14/20 (S) HSS AT 1:30 PM BUTROVICH 205  
 02/14/20 (S) Heard & Held  
 02/14/20 (S) MINUTE(HSS)  
 02/19/20 (S) HSS AT 1:30 PM BUTROVICH 205

**WITNESS REGISTER**

LORI WING-HEIER, Director  
 Division of Insurance  
 Department of Commerce, Community and Economic Development  
 (DCCED)  
 Anchorage, Alaska

**POSITION STATEMENT:** Answered questions about HB 29.

REPRESENTATIVE IVY SPOHNHOLZ  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Spoke as sponsor of HB 29.

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

**POSITION STATEMENT:** Presented an update on the Department of Health and Social Services (DHSS).

ALBERT WALL, Deputy Commissioner

Medicaid & Health Care Policy  
Anchorage, Alaska

**POSITION STATEMENT:** Presented an update on the Department of Health and Social Services (DHSS).

**ACTION NARRATIVE**

[1:31:09 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 von Imhof, Giessel, and Chair Wilson. Senators Begich and Shower arrived as the meeting was in progress.

**HB 29-INSURANCE COVERAGE FOR TELEHEALTH**

[1:31:31 PM](#)

**CHAIR WILSON** announced the consideration of HOUSE BILL NO. 29, "An Act relating to insurance coverage for benefits provided through telehealth; and providing for an effective date."

He noted there had been a discussion about an amendment on parity pay but that was deemed unnecessary. He invited Representative Spohnholz and Lori Wing-Heier to speak to the issue of pay parity.

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**LORI WING-HEIER**, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, stated that this bill was heard numerous times last year and the issue of pay parity never come up. She had not seen concern about parity from the providers until last week. Most providers have negotiated agreements that would take care of the concern of parity.

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**REPRESENTATIVE IVY SPOHNHOLZ**, Alaska State Legislature, Juneau, Alaska, said that based on Director Wing-Heier's recommendation and after consultations with insurers and providers, she decided not to ask for an amendment to address parity because that allows the market flexibility to be able to negotiate on a case-by-case basis around rates. That will allow for collaboration and innovation on ways to reduce health care costs. Later on, if there are problems with parity, the legislature can address it.

CHAIR WILSON noted that the Division of Insurance recommended an effective date change. He solicited a motion.

[1:34:37 PM](#)

SENATOR VON IMHOF moved to adopt Amendment 1, A.3:

31-LS0274\A.3  
Marx  
2/18/20

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR VON IMHOF  
TO: HB 29

Page 2, line 15:  
Delete "July 1, 2020"  
Insert "January 1, 2021"

[1:34:42 PM](#)

CHAIR WILSON objected for purposes of discussion and for an explanation of the change.

MS. WING-HEIER said her division discussed with the sponsor's office the need for an extended effective date because of the forms and filings that have to be made. Under the ACA (Affordable Care Act), the division cannot amend the forms midyear. Forms are filed in the spring for an effective date the following January. The timeframe for when insurers could make this effective needs to be reasonable. The individual market is very strict about when the forms are filed and the effective date.

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CHAIR WILSON removed his objection and there being no further objection, Amendment 1 was adopted.

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CHAIR WILSON solicited a motion.

[1:36:03 PM](#)

SENATOR VON IMHOF moved to report HB 29, as amended, from committee with individual recommendations and updated fiscal notes.

[1:36:18 PM](#)

CHAIR WILSON found no objection and SCS HB 29(HSS) was reported from the Senate Health and Social Services Standing Committee.

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At ease

1:36:35 PM

CHAIR WILSON reconvened the meeting and announced the presentation: Department of Health and Social Services (DHSS) Update. He called Commissioner Adam Crum and Deputy Commissioner Albert Wall to the table.

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ADAM CRUM, Commissioner, Department of Health and Social Services (DHSS), Anchorage, Alaska, began a PowerPoint on the Department of Health and Social Services. He read the department's mission on slide 1, "To promote and protect the health and well-being of Alaskans." He turned to slide 2, DHSS Three-year Vision:

- Systems Alignment and Change
- Focus on IT Systems
- Behavioral Health Continuum of Care
- Emergency Readiness and Response

COMMISSIONER CRUM explained that systems alignment and change involves helping families climb the economic ladder by addressing the benefits cliff. This topic is of great interest to Governor Dunleavy. The benefits cliff is when program participants lose more in benefits than these employees receive through employment. This issue has been raised at recent federal conferences and the U.S. Department of Health and Human Services (HHS) is taking the lead on this nationally. HHS is the lead agency in the development of the new federal Council on Economic Mobility, which will focus on cross-cutting issues that cannot be accomplished by a single agency.

COMMISSIONER CRUM said this will include other federal agencies such as the U.S. Department of Agriculture (USDA), Education, Housing and Urban Development, and the U.S. Department of Labor. The Administration for Children and Families, under HSS, is encouraging states to share best practices to support parents in achieving greater gains and economic stability. Examples of short-term solutions are phasing out benefits slowly, extending certification periods or using sliding fee schedules, raising eligibility limits, or allowing a longer stay on benefits while working to accompany the change in loss of eligibility

standards. These options came from an Administration for Children and Families working group. The administration is encouraging other states and regions to review how this will work with other federal programs.

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COMMISSIONER CRUM said long-term strategies are to increase educational and work support through job training and skills development initiatives to provide employer supports to encourage the hiring of these early stage workers. These strategies are being approached through the Division of Public Assistance (DPA) and Work Services. Work Services is the TANF (Temporary Assistance for Needy Families) work program. This program is for all participants who are not otherwise exempt from participation in work or job search activity. DPA is looking to integrate services and provide funding streams between the TANF program and the Workforce Innovation and Opportunity Act (WIOA) program in the Department of Labor.

COMMISSIONER CRUM said the Administration for Children and Families hosted summits to demonstrate how states can take advantage of braiding funding streams to maximize the outcomes through these services. DPA is acting on increased employer supports programs through more formalized incentives for employers and job seekers. DPA also is addressing an expected increase in the SNAP [the Supplemental Nutrition Assistance Program] by switching to a provider agreement rather than an operating grant program. This will allow more flexibility in onboarding new providers throughout the year.

COMMISSIONER CRUM said another part of the systems and alignment change is that Medicaid has been integrated on one platform. Behavioral health with Deputy Commissioner Wall has been moved to the Medicaid area. The Division of Public Assistance, Senior and Disabilities Services, the Division of Health Care Services, and the Division of Behavioral Health all have important missions that overlap. This allows better program alignment to better serve the Medicaid population.

COMMISSIONER CRUM said that DHSS works with sister agencies in the Department of Administration's Division of Retirement and Benefits and the Department of Commerce, Community and Economic Development (DCCED)'s, Division of Insurance to find ways to work together for economies of scale and gain efficiencies in technology or service delivery.

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SENATOR BEGICH said governors can apply for SNAP waivers for areas of chronic, high unemployment. The Anchorage and Mat-Su communities were excluded from the waiver, but those areas now meet the unemployment criteria. He asked if there is any intention of including those two areas in the governor's waiver request. He expressed concern both because of the reduction of resources that will be coming into the state and because a substantial number of Alaskans could experience food insecurity.

COMMISSIONER CRUM clarified that Senator Begich was referring to the Food and Nutrition Service (FNS) ABAWD (able-bodied adult without dependents) rule for SNAP. That proposed rule goes into effect in April. This rule allows for different definitions for labor market areas. For years Alaska worked under a blanket exemption from the work requirements, but there are now closely defined areas. FNS has provided several options, one strict and the other more lenient. The governor chose the second, which allows more Alaskans in tougher areas to be exempt from the work requirements. Advocacy groups reached out to DHSS about changing it. DHSS is working with the USDA and FNS to see if this exemption is permitted under the intent of the rule. The state has been given additional time to submit the waiver.

SENATOR BEGICH expressed hope that the commissioner will provide the committee with updates as those talks proceed. He encouraged the state not to leave federal dollars on the table since these funds can feed Alaskans. Everyone wants to see more jobs so that Alaska falls below the unemployment level for the waiver, but the state has not yet accomplished that goal.

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COMMISSIONER CRUM replied DHSS would provide updates regarding whether an individual outside of a [labor market] area can be exempt from the work requirement. He offered to provide information to food coalition groups on exemptions for work requirements. He said that the department anticipates hearing from FNS within the next few weeks so that DHSS can amend the waiver and be ready to go.

COMMISSIONER CRUM said DHSS collects tremendous amounts of data that must be analyzed before it can be used. In the last year, the DHSS has made progress to improve and upgrade its IT systems, including implementing an electronic document management system. This step provides a single application interface for all assistance programs and helps the department be more responsive to Alaskans in their time of need. In collaboration with the Department of Administration (DOA), DHSS

has made progress to update its software on a HIPAA (Health Insurance Portability and Accountability Act) compliant system for mobile devices. This means the Office of Children's Services (OCS) employees will have secure phones document and transmit data securely while in the field. Currently, because DHSS in order to have HIPAA-complaint messaging, employees must log into a separate direct service mail protocol, which is burdensome for staff.

COMMISSIONER CRUM highlighted the project to implement a viable information exchange to meet the needs of providers and the state. He said DHSS is focused on an addressing the need of an HIE (health information exchange) with its chief data officer and chief medical officer. Upcoming IT projects that will be implemented by the end of the calendar year are the electronic visit verification for the personal care attendants, which is a mandatory compliance issue from CMS (Centers for Medicare and Medicaid Services) for the home and community-based waiver population, and the eligibility verification system for DPA. SB 74 encouraged DHSS to pursue that and it is also part of federal compliance. Both of these systems will help maintain program integrity so resources are available to serve those who are truly eligible and in need. DHSS will work to continue to implement innovative IT solutions so that it can be agile enough to respond to health care providers and recipients and broadly utilize data analytics to combat fraud, waste, and abuse.

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SENATOR GIESSEL shared that it causes her great concern when she hears DHSS talk about innovation in IT systems. She asked if DHSS ever got certification of its Medicaid Management Information System (MMIS).

COMMISSIONER CRUM answered yes; it is the fiscal agent responsible for Medicaid. The DHSS is IT trying to be innovative. The IT system was archaic. FBI agents shared with the security staff that hackers in other countries used Alaska as a testing ground for their protocols to deploy in the rest of the country. The IT staff has done a fantastic job over the last few years improving that. DHSS recently had a death-to-the-dinosaur party because all Windows 7 programs, which are no longer supported by Microsoft, throughout the entire department were removed. DHSS collects data for the state, and many people request that data. DHSS needs to respond faster so people can have live information.

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SENATOR SHOWER joined the committee.

COMMISSIONER CRUM said one of the goals of the department is to continually improve and make it a better running, faster machine.

SENATOR GIESSEL said she hopes things go well.

CHAIR WILSON said he also shares that concern, and not just for this department. At the beginning of last year, there were over 34 upgrades to different IT systems in the state, all using different contractors and programming that did not communicate with each other. He noted that Senator Shower had joined the committee.

COMMISSIONER CRUM responded that the federal process has gotten much more prescriptive when looking at large IT systems. DHSS has to get program advanced planning documents (PAPD). During the planning stage the feds look at everything including the way the Request for Proposals is written and the goals and timelines. The federal agency can approve, based on the thresholds DHSS meets, even more advanced federal match to pay for these IT systems. Once those are approved, DHSS gets the IAPD (Implementation Advanced Planning Document), which is the guidance document. The job of the chief data officer is to coordinate these projects through federal partners and across divisions to meet each one of these prescriptive thresholds.

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SENATOR VON IMHOF said she was pleased to hear that DHSS is bringing on a chief data officer. She is seeing that more and more in different entities. This has become a new job description to make sure that the large, overarching accounting software, as well as small systems, match and talk to each other. One example of a small system is the use of debit cards for Medicaid recipients to purchase medical supplies. Electronic purchases are uploaded automatically into a system and purchases can be tracked. Then no one has to do data entry for that information. She asked if the commissioner was considering those options.

COMMISSIONER CRUM said that was brought to the attention of DHSS by the Key Coalition and the Governor's Council on Disabilities and Special Education. DHSS is trying to navigate that and recognizes the utility of it. DHSS is working to see if it can be justified with the federal partners.

SENATOR VON IMHOF noted that Commissioner Crum sits with her on the executive committee of the Health Care Transformation Council. She and Representative Spohnholz have a bill on an all-payer claims database. Along with the health information exchange, the council seeks to eventually lower the cost of health care by understanding where health care dollars are spent. She asked him to comment on the ability to use HIPPA-compliant data, whether it is through this particular bill or any other platform, to run reports on Medicaid data to show where health care dollars are being spent regionally and for what ailments, etc.

COMMISSIONER CRUM said any time that DHSS can knock down barriers for data in an appropriate way, it is better for the consumer. As DHSS works with the Division of Insurance and Retirement and Benefits, a formal agreement could be beneficial. DHSS has had internal working groups to address that particular bill to find out what are some department suggestions and what would benefit the state. The first goal the governor gave him when he became commissioner was to address the cost of health care to the state of Alaska with the Medicaid program and to address the cost of health care costs for all Alaskans. Information about the 30 to 35 percent of the population on Medicaid, along with state employees and retirees, could be used to help health care costs in Alaska.

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COMMISSIONER CRUM pointed out, moving to emergency readiness and response, that many states have counties that perform public health services. Alaska has the benefit of centralized public health at the state level with the Division of Public Health. That allows Alaska to have a rapid crisis response. The public health and emergency response issues have changed, from the creation of the OSMAP (Office of Substance Misuse and Addiction Prevention) to deal with the opioid issue to sexually transmitted diseases, alcohol abuse, and tobacco cessation. Now there are greatly increased fire seasons and earthquakes and new viruses. The importance of public health has never been greater.

COMMISSIONER CRUM said he is immensely proud and humble that Chief Medical Officer Dr. Zink wanted to work with him as the administration addresses these complex issues and to continue efforts to modernize the Division of Public Health. He quoted from the 1993 publication. "A History of Health and Social Services in Alaska":

Public health in Alaska started in 1893 with the arrival of the first professional nurse in Bethel, three years before the first doctor arrived and 23 years before the first hospital was built in the area. For many, the traveling nurse was the only source of health care. They incorporated health education and disease prevention into their primary health care practices. Today public health nurses continue that mission by being on the front lines in communities to address local issues.

COMMISSINER CRUM said the Division of Public Health is responsible for health emergency operations and response, crisis communications, strategy, data building and information sharing. Dr. Anne Zink mentioned two weeks ago that the division's goal was to activate the emergency operations center and respond to issues before there are outbreaks. A prime example is a confirmed case of measles last summer that was isolated and contained to that single case. As emergencies occur, this team coordinates with local municipalities, health facilities, and responders to ensure that health care systems have the support and needed supplies to remain open. An example of this was the earthquake of 2018. The team worked not only with hospitals but with small assisted living homes to make sure residents had proper medical supplies when the roads were shut down.

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COMMISSIONER CRUM said Public Health has been running the emergency operations center to monitor the situation with COVID-19. Public Health has weekly if not daily calls with federal partners and fellow state agencies to make sure it is fully prepared to respond.

COMMISSIONER CRUM said the Division of Public Health is working on chronic health conditions and preventative measures. The MESA (Medicaid Enrollment and Spending in Alaska) report identified that chronic conditions are the main cost drivers of the Medicaid program. Getting in front of that with prevention is a key aspect. Division of Public Health Director Hedberg is part of the weekly Medicaid director meetings to integrate efforts regarding education programs and processes.

CHAIR WILSON asked, regarding the MESA report, whether the state is looking at a managed care system to help manage those chronic conditions. The report shows that these cases represent a small percentage who live in Anchorage, Mat-Su, and Kenai.

COMMISSIONER CRUM replied that DHSS identified those chronic conditions in the MESA report. One, end state renal disease, was addressed last year through regulation. DHSS found cost savings of \$1 million a year by dropping it to Medicare rates instead of cost base rate. DHSS has lots of different projects in play. Senate Bill 74 included other authorities like exploring bundled payments for innovations and incentives to providers for savings. Commissioner Crum described various initiatives such as employee engagement, PLAAY Summit, alcohol, and tobacco education in schools. DHSS does the CDC (Centers for Disease Control and Prevention) Youth Risk Behavior Survey every two years to use for policy decisions. The Petersburg School District has removed sugary drinks from its vending machines and cafeteria and put water bottle fillers in schools. Public Health is working on little investments like that in education that can have generational effects.

SENATOR GIESSEL noted that diabetes is a common chronic condition. It is often challenging for people to find comprehensive care for diabetes. A nurse practitioner who specializes in that is in the committee room today. Nurse practitioners are only reimbursed at 85 percent of the physician rate, but often can provide better care. Sometimes those financial things make all the difference in combating a chronic condition that ultimately results in renal disease.

COMMISSIONER CRUM replied that the governor has encouraged DHSS to consider not only the initial cost but long term savings. He said that is always part of the discussion when DHSS pursues different regulatory packages or other actions.

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SENATOR BEGICH said looking beyond the governmental expense was not the message from the administration last year. The implications are not just for the state budget but impact the health care cost in Alaska to the average person or to the provider. He agreed with Commissioner that there are other things that need to be considered besides the budget, such as if a policy in the long run will benefit society.

COMMISSIONER CRUM addressed the last topic of the DHSS three-year vision, the behavioral health continuum of care. Because of legislative efforts in prior years, his predecessors, and dedicated stakeholders, the state has had great progress in breaking down the stigma of behavioral health. Behavioral health issues affect many. Because of the diminishing stigma, the stage is set to focus on the buildup of a behavioral health continuum

of care. There has been progress in community-level investment over the last two years. The Fairbanks Memorial Hospital brought online a dedicated behavioral treatment unit and designated evaluation and treatment center in January 2019. Mat-Su Regional recently unveiled its behavioral health treatment and designated evaluation and treatment center. This community investment is necessary to provide acute behavioral health services in community. DHSS is grateful these community organizations are stepping up and building capacity.

COMMISSIONER CRUM said a key piece has been the 1115 Behavioral Health Medicaid Waiver for mental health and substance use disorders. It is a multi-year effort with parties from all across the state. With the 1115 waiver, two dozen new service types have been added that can bill Medicaid and provide services sooner at a more appropriate level of care that is more localized than before. The goal is to keep individuals working and families together by getting them the crucial help and necessary treatment before much more expensive interventions are required. The 1115 waiver opens up a possible funding mechanism for behavioral health crisis stabilization.

COMMISSIONER CRUM said, moving into addressing the divisions of DHSS, Alaska Pioneer Homes did receive approval for construction of a dementia floor at the Anchorage Pioneer Home. It has taken time to work on zoning issues with the municipality. This had been a hole in the system of behavioral health. The Pioneer Homes Division is exploring the addition of 22 beds for the higher Veterans Affairs (VA) per diem rate at the Palmer Pioneer Home. Fourteen beds have been transitioned. That has to be done in complete units. There are certain protocols that must be followed, but it does bring in additional VA revenue.

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SENATOR BEGICH said the committee heard that the Pioneer Homes could qualify for higher reimbursement rates if buildings were brought up to code. He asked if there were any efforts to bring up the homes up to the nursing home standard.

COMMISSIONER CRUM answered that Pioneer Homes are licensed as assisted living homes. To be a skilled nursing facility or a nursing home is a completely different license type. Some of the Pioneer Homes may provide nursing home level of care. He can get information on whether that is something the division will pursue.

SENATOR BEGICH referred to the bottom line issue discussed earlier. The Senate and House might consider the capital expense if it allowed the Pioneer Homes to provide a greater level of care and a greater level of reimbursement that could pay off in the long run.

2:12:21 PM

ALBERT WALL, Deputy Commissioner, Medicaid & Health Care Policy, Anchorage, Alaska, replied that capital expenditures to bring buildings up to code is one of several considerations. A skilled nursing facility has other requirements that have to do with staffing and training and the type of services provided. He offered to provide that information to the committee.

COMMISSIONER CRUM said the mission of the Division of Behavioral Health is to manage an integrated and comprehensive behavioral health system based on sound policy, effective practices, and open partnerships. Partners are the Alaska Mental Health Trust, community-based hospitals, the Alaska Behavioral Health Association, the Alaska Psychiatric Association, and others to build the full continuum of care needed in Alaska. The question is how to provide services sooner and closer to home at a more appropriate level.

MR. WALL reviewed slide 5, 1115 Behavioral Health Medicaid Waiver:

The 1115 Behavioral Health Medicaid Waiver demonstration project focuses on establishing an enhanced set of benefits for three target populations of Medicaid recipients:

- Children, adolescents, and their parents or caretakers with - or at risk of - mental health and/or substance-use disorders.
- Individuals with acute mental health needs.
- Individuals with substance-use disorders.

More detailed information about the waiver demonstration's goals and objectives for each of these target populations is found on the 1115 webpage: <http://dhss.alaska.gov/dbh/Pages/1115/>

MR. WALL said this was implemented under Senate Bill 74. Commissioner Crum spoke earlier about the behavioral health continuum of care. One challenge that DHSS faces is the funding mechanism for behavioral health services in the state. Services

were grant-funded with UGF [unrestricted general funds] and Medicaid since Medicaid did not quite pay for the services. The second challenge was that services were not covered under the old Medicaid system for behavioral health, so gaps in the continuum of service were created. The 1115 waiver is designed to remedy that by allowing new billable services under Medicaid, which will reduce the need for UGF grants.

MR. WALL reviewed slide 6, 1115 Behavioral Health Waiver:

- Substance Misuse Disorder Treatment Component
  - Approved in November 2018
  - Became effective January 1, 2019
  
- Behavioral Health Component
  - Approved September 2019
  - Will be implemented by June 30, 2020
  
- Administrative Services Organization
  - Contracted with Optum Health in November 2019
  - Went live on February 1, 2020

MR. WALL said CMS asked the state to break the 1115 Behavioral Health Waiver into the above two components. He explained the CMS structure will not allow states to bill for Medicaid services in an Institute for Mental Diseases (IMD) that has over 16 beds. He said this provision has a long federal history. This has limited the state's ability to pay for substance abuse and serious mental illness in institutes with over 16 beds. The 1115 behavioral health waiver allows service providers to currently bill Medicaid for more than 16 beds for substance use treatment.

MR. WALL said the behavioral health component covers the mental health portion, those with serious mental illnesses or children with serious emotional disturbances. That also addresses the IMD. If that is fully approved, implementation will allow billing for inpatient psychiatry in institutes of over 16 beds. That would also include the Alaska Psychiatric Institute.

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SENATOR VON IMHOF said she toured the facilities at Fairbanks Memorial Hospital this fall. She acknowledged Mr. Wall was alluding to the fact that funding is potentially in jeopardy. She stated that the hospital has a \$2 million Disproportionate Share Hospital (DSH) grant. She asked what will happen to this

great program that fills a gap in the mental health continuum of care in Fairbanks if the DSH funding goes away.

MR. WALL replied it is a very complex issue. For example, different sections and services of Medicaid are paid at different rates. Some sections relate to age, others to diagnoses or types of treatment. Typically, under Medicaid, services are billed under the titles, federal authority given to that particular portion of Medicaid. For example, Title 19 is for adults and Title 21 is for Denali KidCare services for children and pregnant women. The behavioral health services provided in the past under Medicaid were billed under clinic services and rehab, not how physicians or hospitals or any other service would bill. The 1115 waiver takes those clinic services and rehab and "outdates" them, replacing them typically with bundled payments. Under the old system, billing for behavioral health interventions was in small increments, perhaps 15 minutes. Under the 1115 waiver, billings can be billed at a bundled rate of up to 23 hours of stabilization for a variety of services. The 1115 waiver allows more services and the administrative overhead is much less than under the old system.

MR. WALL explained that the issue of inpatient psychiatric care is a little different. The 1115 waiver allows Medicaid billing for over 16 beds for inpatient psychiatric care. However, that care is still billed under hospital services for Medicaid. Senator von Imhof was referring to Disproportionate Share for Hospitals, which is divided into "two buckets" for the state. One is an allocation from the federal government that allows for Disproportionate Share to go to hospitals that are providing care for people who do not have coverage. A large portion of that goes to API because the state is not allowed to bill Medicaid for API patients because it has more than 16 beds. A second allocation of DSH funding was made available by the legislature that gave DHSS more federal authority, which requires a general fund match. That federal authority will end on June 30, 2020.

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COMMISSIONER CRUM added that the \$4.5 million general fund and matching \$4.5 million in federal funds for DHS is part of a 90-day plan to satisfy a pending court case [that was filed in 2018 by the Disability Law Center of Alaska (DLC) and heard by Alaska Superior Court Judge William Morse]. This recognizes the importance of designated evaluation and treatment centers. DHSS is working to finalize the plan with Judge W. Morse and

plaintiff. This funding was put forward in the department's amended budget for FY 2021.

SENATOR VON IMHOF noted that Fairbanks is under a Morse plan, and will get DHS funds this year to continue this program.

COMMISSIONER CRUM replied that Fairbanks is one of the intended recipients of that program.

CHAIR WILSON said the prior administration indicated that Medicaid expansion would lessen the need for state grants because there would be billable services. The influx never came through to a lot of behavioral health grantees. Others asked for the data to show that the amount of billable services was offsetting the cost of grants, but that data never came through. The Alaska Native Health Board wrote a white paper that showed the funds did not come. With the additional billing under the 1115 waiver, he asked if providers are billing for Medicaid to make up for grant services. If so, is the state going to see further reductions in grant services to those behavioral health providers.

COMMISSIONER CRUM replied that grant recipients that are large providers of substance use disorders services, through this initial billing phase, have been made more than whole with Medicaid funding for any decrease in grants. That was the way the process was supposed to work because these providers see a higher proportion of the Medicaid expansion population at the higher 90 percent federal match. DHSS has not proposed behavioral health grants for this coming year because DHSS wants to maintain stability through the system for this year while DHSS gets the rest of the providers signed up with the Administrative Service Organization to become 1115 Medicaid providers. Technical assistance and guidance to make sure providers are up and running can be provided by the Administrative Service Organization and the department. Then DHSS can evaluate and put forward further grant reductions if necessary.

[2:25:40 PM](#)

CHAIR WILSON asked whether the federal match rate for the 1115 waiver is at 90 percent instead of 50 percent.

MR. WALL answered that it is based on the eligibility type.

COMMISSIONER CRUM turned to the tables in slides 7,8, and that show the different services in the mental health continuum of

care for children and adolescents, for individuals 18 and over, and the substance use disorder continuum of care for individuals 12 and older. The services are color coded to show which were added under the 1115 waiver.

CHAIR WILSON asked if the state has enough providers that can currently bill and if 12 new provider types were enough.

MR. WALL replied it is a mixed bag at this point. For example, the state has no crisis stabilization centers, which is a facility-based service. The state would have to build the licensure type, provide staff, and stand them up as a separate provider type. Some of the other provider types are licensed and up and running. Some will be licensed and bring in more providers and others will not.

SENATOR GIESSEL observed that the law was changed a couple years ago to remove psychiatrist supervision. So, now, a physician can supervise clinical social workers, clinical counselors, and family therapists. She asked if that been implemented and if more services were available.

COMMISSIONER CRUM replied the regulatory package is completed and waiting for a signature from the lieutenant governor's office.

SENATOR GIESSEL noted that that bill was passed two years ago.

CHAIR WILSON asked if statutory or regulatory change is needed to add providers and if so when that will occur.

MR. WALL answered that it depends on the provider type and licensure. Both types of changes will be needed, but some will require no change.

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SENATOR BEGICH asked if the legislature will be getting guidance. If a statutory change is needed on top of regulatory change, it could take four or five years to pass.

MR. WALL acknowledged his frustration, noting he has been working on this for many years. For example, a psychiatrist having to provide 30 percent supervision of behavioral health providers has been an ongoing frustration for many years. Under the old state plan for behavioral health, there were only three defined provider groups that could provide behavioral health services. A clinic with a psychiatrist to provide oversight was

one. Psychologist and LCSW (licensed clinical social worker) could only provide limited services. He said that DHSS is developing a plan to [provide more services]. The biggest partners DHSS has in this process are associations and groups in the [Alaska Mental Health] Trust Authority (AMHTA). DHSS is working closely with the Alaska Behavioral Health Association. The AMHTA has been the driving force behind the movement for crisis stabilization. DHSS has held discussions with the Alaska Primary Care Association, the Hospital Association, Alaska Association of Homes for Children, about the 1115 waiver and what needs to be in place to ensure its delivery of services.

MR. WALL said the first phase was substance abuse. The state has all the license types and service lines for implementation. Moving forward, the road map is being developed. DHSS is grateful for the Trust's involvement in that. The Trust has a vendor who has put together a report that can be shared with the committee.

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SENATOR VON IMHOF recapped that the blue on slides 7, 8, and 9 are for the new services. She asked what the fiscal note will be with the varying demands of all the blue services and the various matching rates. She said she understands there may be a transition from traditional behavioral health grants. The grants will be decreased and the match will be ramped up. She offered her belief that it will not be net zero. Although he does not need to answer today, he should just know that the subcommittee process starts tomorrow.

COMMISSIONER CRUM replied DHSS will provide that information. The 1115 waiver process must be cost neutral or provide a savings to the federal government over time. Each waiver is a five-year process. DHSS had to pay for an actuarial analysis of its plan to make sure that was the case.

SENATOR VON IMHOF asked about it being cost neutral to the state.

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COMMISSIONER CRUM replied the DHSS plan for expanded services would have cost savings for the state because it is a buildup of the continuum. The idea is to get individuals services more quickly so these patients do not end up in the emergency departments. There would be anticipated savings for that. DHSS has specific tracking mechanisms to report back to CMS.

MR. WALL added that a good portion of this is already in the operational budget for this year. It is already included in the next Medicaid budget. The fiscal notes have already been accomplished.

MR. WALL said he is excited about behavioral health crisis stabilization because he thinks it solves a lot of problems in the state around behavioral health. The state is rapidly moving toward a behavioral health crisis stabilization approach, which some organizations and some states have. DHSS has had technical assistance trips to the state of Arizona because Alaska's 1115 waiver is most closely similar to Arizona's. Arizona's system of care is built around this idea of behavioral health crisis stabilization which has four pillars.

He reviewed slide 10, Behavioral Health Crisis Stabilization:

The four "pillars":

1. Call In Center
2. Crisis Response Teams
3. Crisis Stabilization Centers
4. A robust behavioral health continuum of care

He said that in Anchorage when someone has a behavioral health crisis, that person is picked up by an ambulance or a police officer on some charge. That person goes either to an emergency room or jail. Sometimes that person sits there for a long period of time waiting for services. Under the crisis stabilization approach, it is turned upside down. That person does not go to jail or an emergency room.

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MR. WALL described how the situation would be handled with the four pillars of crisis stabilization. The call in center is designated to handle all crisis calls and deescalate. All calls come to a central location, including suicidal threats or a behavioral health disturbance on a street. In 75 percent of the cases, the call center is able to de-escalate the crisis without any further intervention.

MR. WALL said if the call center cannot stabilize someone on the phone, it launches a crisis response team made up of two people, a mental health professional and a peer. Many times, those two individuals are able to de-escalate on site without any further intervention. If the team cannot do so or the person needs further help, the individual is taken to a crisis stabilization center, which is a facility. The center receives individuals

brought by police officers, EMT vehicles, and crisis response teams. The primary goal of the center is not the diagnosis and treatment received in an emergency room. The goal of the crisis center is to stabilize. The center wants to de-escalate the problem and connect the individual with ongoing services.

MR. WALL said Alaska currently does not have a robust behavioral health continuum of care, the fourth pillar of behavioral health crisis stabilization. It will be built. This really changes the approach of a social response to behavioral health. Rather than having an individual who is acting out in an emergency room with police officers waiting for hours to hand that person off to medical staff, in Arizona the handoff is done in three to five minutes and the police officers return to public safety work. He appreciates the involvement of many legislators who have gone to Arizona on those trips, including Senator Wilson, Senator Micciche, Representative Spohnholz, and Representative Johnston.

CHAIR WILSON added that this is not done with huge government involvement. It is done by a lot of community members. Alaska has many of these pieces in place. It requires better coordination of the resources the state already has to pull this together with limited government growth in terms of administration.

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SENATOR BEGICH asked how this would work in rural Alaska where there is no law enforcement and no capacity for a crisis team. He acknowledged that it is a good idea for urban Alaska.

MR. WALL replied DHSS has had a robust discussion around that. On one trip, the Alaska group had a question-and-answer time with a tribal liaison. Like Alaska, Arizona has unique challenges also. Arizona has a tribal village at the bottom of the Grand Canyon that is only accessible by mule. The system is built to be flexible. CMS is working with tribes on how to make it work with them. In one village, all able-bodied adults are trained to be the crisis response team and the team handles the phone calls in shifts. CMS has taken some innovative approaches with this. In Arizona, transportation by horseback is a Medicaid-reimbursable service. CMS is willing to do innovations around this issue. This approach is proven to bring down costs, provide better care and long-term stability, and change the face of the culture. He was very impressed with what he saw in Arizona and he is very hopeful for what it can do in Alaska.

SENATOR BEGICH said he looks forward to seeing those innovations written up.

CHAIR WILSON shared that he was very hopeful.

2:41:11 PM

COMMISSIONER CRUM reviewed slide 11, Alaska Psychiatric Institute:

*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*

He said it is important to know that API is a hospital and DHSS is trying to manage it like a hospital with an active governance board. The board has 26 members from the public and private sector who take an active role. The board is going through the process of hiring a permanent CEO at API. It has been a good process to get that level of involvement. Last spring API was in an emergency situation with almost 400 cases of violations from its certifying and accrediting bodies. There was a real threat of being shut down and losing federal dollars. DHSS brought in Wellpath to help manage API. Wellpath brought stability and national training standards. API has corrected 92 percent of the violations. Most of the plans of correction were written with Wellpath's guidance. Wellpath also helped to recruit employees because of its national reach and the overall image of the facility improved. API has a completely different feel than in years past. DHSS is looking forward to growing and stabilizing API further.

COMMISSIONER CRUM read the new mission statement for the Office of Children's Services (OCS) on slide 13.

*Ensuring the safety, permanency and well-being of children by strengthening families, engaging communities, and partnering with tribes.*

He said OCS deals with families and kids at their most vulnerable time. DHSS tries to provide support to families so these families can develop resiliency tools to stay together. OCS has worked on innovative recruitment and retention efforts. Turnover has been reduced from 51 percent to 43 percent.

Although, that is still not where DHSS wants to be, but it is an improvement.

DHSS is working to relieve front-line staff of administrative functions. The number of children placed with relatives has increased thanks to tribal compacting and family and relative searches. More youth are exiting foster care to enter college or vocational programs than in the past. The independent living program takes an innovative approach to make sure kids aging out of the foster care system have an active path for their futures. This stems from a partnership that has expanded to include all at-risk youth. The Department of Labor hired a coordinator to coordinate funds from the Workforce Innovation and Opportunity Act (WIOA) program and Division of Vocational Rehabilitation to work with foster kids and kids leaving juvenile justice because these youth may not have family supports when these youth are out on their own.

SENATOR VON IMHOF said the legislature passed [House Bill 151] for OCS that added more money for case managers with provisions to allow siblings staying together or teens as young as 14 being able to participate in their care plan. One provision required an annual report for three years about how it was going. She asked if the legislature would be getting a report in the next six months or so.

COMMISSIONER CRUM responded that DHSS would be doing an updated report.

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COMMISSIONER CRUM reviewed slide 13, Division of Juvenile Justice:

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.

He said the Division of Juvenile Justice (DJJ) had a reduction in recidivism for youth released from DJJ secure treatment from a high of 71 percent in FY 2012 to 35.9 percent in FY 2019. That is a massive achievement to give youth the support, care, and tools needed to return and thrive back in the community. DJJ has expanded its trauma-informed response practices. DJJ is training to help staff work with youth to address behavioral health issues and multiple projects have expanded services for youth substance abuse and mental health.

SENATOR BEGICH asked if the recidivism measures were the same in FY 2012 as FY 2019. In 2012 recidivism was measured over two years. He wanted to know if that was still the same.

COMMISSIONER CRUM replied he would confirm the measures used.

SENATOR BEGICH said he previously worked in the division, so he is very conscious of how to measure recidivism. It is often a moving target. He asked what the plan is for the Nome facility.

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COMMISSIONER CRUM replied DHSS transitioned out of the Nome Youth Facility over the last year. Kids are now able to use videoconferencing to connect with their families. Kids are issued dedicated tablets to call and talk to families. With only six facilities around the state, it means there are only six places where kids are local. DHSS wanted to make sure that kids had access and ties to their communities.

CHAIR WILSON said the Mat-Su members have done a wonderful job with recidivism and implementing programs.

COMMISSIONER CRUM said he has visited most of the Juvenile Justice facilities. The Juvenile Justice staff speak about the consistency of staff leadership. He is grateful for that because he thinks the division is on the right track. Juvenile Justice is not just the facilities but includes probation, making sure kids are engaged, and making the right choices when these youth are released.

CHAIR WILSON pointed out that Commissioner Crum began his presentation talking about the reorganization of DHSS. The commissioner's eight predecessors spent about 95 percent of their time on Medicaid-related issues. The deputy commissioner for Family and Protective Services has been negated. The other body defunded that deputy commissioner. He asked Commissioner Crum to talk about the benefit of an additional deputy commissioner and the reorganization.

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COMMISSIONER CRUM reviewed slide 14, Alaska Department of Health and Social Services (DHSS). The slide showed the proposed organization chart that is an item in the governor's proposed FY 2021 budget. It would add a new deputy commissioner and policy staff to oversee the Office of Children's Services, the Division of Juvenile Justice, and Adult Protective Services to ensure alignment and mission focus. The two main divisions that

the new deputy commissioner would oversee manage urgent situations in which families, children, parents, and lives are frequently at stake. These are some of the most important decisions state government can make. It includes separating parents from their children, determining how to handle minors who have committed serious offenses, and intervening when lives are in crisis.

COMMISSIONER CRUM said OCS issues are the most frequent reason why constituents contact the commissioner's office and legislators. Last year, DHSS recorded over 100 independent inquiries regarding OCS, most of them from unhappy parents or confused foster parents. The OCS and DJJ has a staff of almost a thousand people. The OCS works directly with the public on stressful, painful issues, which demands an extraordinary amount of time and attention. This involves debriefing stressful cases, finding creative solutions for placement for family preservation, supporting OCS in recruiting and retaining more frontline social workers, and supporting the director positions and leadership staff.

COMMISSIONER CRUM explained that decisions from these divisions must be supported or given final clearance at the level of the commissioner's office. Jon Sherwood described deputy commissioners as traffic cops because of the constant pace and time of decisions. The directors work closely with their assigned deputy commissioner for policy support and emergency decisions. Examples are emergency placement of kids with complex behaviors or medical conditions or approval of emergency transports. These positions will provide better support to the divisions to help staff navigate their difficult work. More importantly, this will allow DHSS to take substantial steps to change the conditions under which child protection systems and juvenile justice systems are needed.

COMMISSIONER CRUM said it requires substantial work to enhance partnerships with tribes, communities, and stakeholders, but the day-to-day work does not allow that kind of effort. To continue to work on tribal compacts takes time and leadership. It is too important an effort to try to fit in a few hours a month. Growing government is not something people typically associate with this administration, but the administration views this as an investment. Everyone has seen the data on Adverse Childhood Experiences (ACEs) and how higher ACEs scores directly correlate to increases in chronic conditions like diabetes, hypertension, and heart attack. Recently in the Senate Finance Committee, an economist addressed the disproportionate costs of chronic

conditions to the Medicaid program as well as the projected growth of the program. The cost is calculated to be \$5 billion by 2040. If the state can work on keeping families together by giving them the tools to thrive so these families don't contribute to ACEs or trauma, then that is an investment in the next generation and the state can finally bend the curve on multigenerational issues that result in child abuse, neglect, and delinquent behavior.

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COMMISSIONER CRUM said the department has several cost drivers that demand attention from all current leadership. The goal of the dedicated deputy commissioner and policy team is to work upstream and focus on systemic changes that will not be siloed from other divisions. The team will be charged with taking care of young Alaskans and making families stronger. The DHSS requested four new positions for the team: a deputy commissioner, a project coordinator, a special assistant, and a program coordinator. The project coordinator would be assigned as an ICWA (Indian Child Welfare Act) or tribal liaison specialist. The coordinator would represent the department in building relationships with tribal partners as the tribes build up their infrastructure to deal with child welfare issues while the DHSS tries to make sure these services are provided more at the local level.

CHAIR WILSON asked for any closing comments as well as written comments about updates with the Divisions of Public Assistance, Public Health, Senior Disabilities and Services, Health Care Services, and Medicaid Services.

COMMISSIONER CRUM said he loves the people he works with, the department's mission, and the citizens that DHSS serves. This is an opportunity for Alaskans to address some of these difficult situations for the next 20 years.

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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 2:56 p.m.