

HOUSE FINANCE COMMITTEE
February 9, 2022
1:31 p.m.

[1:31:39 PM](#)

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:31 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

Representative Andy Josephson

ALSO PRESENT

Adam Crum, Commissioner, Department of Health and Social Services; Sylvan Robb, Assistant Commissioner, Department of Health and Social Services.

SUMMARY

HB 281 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 APPROP: MENTAL HEALTH BUDGET

HB 282 was HEARD and HELD in committee for further consideration.

PRESENTATION: DEPARTMENT OF HEALTH AND SOCIAL AND SOCIAL SERVICES EXECUTIVE ORDER 121 AND FY23 GOVERNOR'S BUDGET REQUEST

Co-Chair Foster reviewed the meeting agenda.

#hb281

#hb282

HOUSE BILL NO. 281

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 282

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date."

[1:36:23 PM](#)

^PRESENTATION: DEPARTMENT OF HEALTH AND SOCIAL AND SOCIAL SERVICES EXECUTIVE ORDER 121 AND FY23 GOVERNOR'S BUDGET REQUEST

[1:36:28 PM](#)

ADAM CRUM, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, highlighted that the presentation would cover the [governor's] proposed Department of Health (DOH) and the Department of Family and Community Services (DFCS).

SYLVAN ROBB, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, began with a PowerPoint presentation titled "Alaska Department of Health and Social Services," dated February 9, 2022 (copy on file). She addressed slide 2 and clarified there was no FY 23 budget for the Department of Health and Social Services (DHSS); budgets had been put forth for the two new departments. The slide

reflected the combined budgets for DOH and DFCS. She pointed out that including the investment for the reorganization, the cost of the two departments was down relative to FY 19 by \$22 million undesignated general funds (UGF). She relayed that much of the overall increase indicated on the slide was federal and a significant portion of the federal increase was related to the enhanced Federal Medical Assistance Percentage (FMAP) for Medicaid that occurred during the [COVID-19] pandemic.

Commissioner Crum moved to slide 3 showing the current DHSS structure on the left including the commissioner's office, Finance and Management Services and nine public facing divisions. He referred to the proposed reorganization as a "pick and place" method. He detailed the proposal kept the existing public facing divisions whole and intact and aligned them by key function area. He elaborated that DOH would include the Medicaid divisions of Health Care Services, Behavioral Health, Senior and Disabilities Services aligned with Public Assistance and Public Health. He explained that the groups were responsible for payment, process, and programs and did very little "patient touch" or direct care. The department's job was to ensure programs were managed, checks went out the door, and that the beneficiaries and eligibility process was continuous. He highlighted that each of the two new departments would include a commissioner's office and Finance and Management Services. He explained that Finance and Management Services was the internal division that moved departments along.

Commissioner Crum explained that DFCS would have to be broken apart accordingly to ensure services required for each department were covered, including information technology, budget, finance, and grants and contracts staff. The Department of Family and Community Services aligned facility based services including the Alaska Psychiatric Institute (API), Juvenile Justice, Alaska Pioneer Homes, and 24/7 community service of the Office of Children's Services (OCS).

[1:40:04 PM](#)

Ms. Robb moved to slide 4 showing the budget comparison for DFCS. She stressed the bars on the slide did not reflect the full department budget. The full budget was shown in the blue box on the right side of the slide. She noted departmental support services were not included and

explained that including departmental support in a lookback through FY 19 would have required going back person by person to get an accurate comparison. The bars on the slide reflected the four divisions listed by Commissioner Crum. She relayed there had been an increase in UGF from the FY 19 to FY 23 budget, which had been spread fairly evenly between each of the divisions. There had been a designated general fund (DGF) reduction relative to FY 19 of about \$5 million, but it had been mostly flat since FY 22. She drew attention to the large increase in the "other" category, which was primarily due to the creation of the Pioneer Home payment assistance component created during the time period. The increase reflected interagency receipts as money transferred to Pioneer Home management. There was a slight decrease in federal funding, but an increase overall. The total DFCS budget was \$430 million and was the larger of the two departments in terms of staff, comprised of 1,820 individuals.

Representative Edgmon stated his understanding that the change would result in two departments and two commissioners. He wondered whether the facilities would be the same or separate. He observed the costs were basically the same [when comparing the single department and the two new departments]. He thought it deserved more explanation.

Ms. Robb replied that the last slide of the presentation laid out the costs incurred as a result of the reorganization.

Co-Chair Foster noted that Representative Wool and Representative Johnson had joined the meeting.

[1:43:11 PM](#)

Ms. Robb moved to slide 5 and addressed the Pioneer Homes that operated five levels of care in six different locations around the state. There were 421 positions with a total proposed FY 23 budget of \$103.6 million including \$38.5 million UGF. There was a UGF reduction from FY 19 of \$3.9 million and a reduction of slightly more than \$4 million from the past year. She highlighted a decrement of \$3 million in the payment assistance component. She explained that \$7 million from the component had lapsed the previous year. The department was keeping what it believed to be a very conservative cushion of \$4 million for the current year. She relayed that the Anchorage Pioneer Home

recently opened a new "neighborhood" for high acuity elders. She stated that even if all of the beds in the high acuity unit required 100 percent payment assistance, it only used less than half of the \$4 million. She relayed there had been quite a few changes in the Pioneer Homes' rates and impacts to the number of residents related to COVID-19 in the past several years. Looking forward, the department hoped to smooth the curve as it determined the appropriate level of payment assistance moving forward.

[1:45:10 PM](#)

Ms. Robb advanced to the budget for a new appropriation titled Inpatient Mental Health on slide 6. The appropriation was comprised of API and Designated Evaluation and Treatment (DET). She explained the DET allocation had previously been part of the Division of Behavioral Health. She detailed it followed the executive order statutes. She elaborated that as the funds would follow the statutes into DFCS. The budget for the new allocation was \$70.9 million including \$31.6 million UGF. She added that API comprised \$58 million of the \$70 million total.

Ms. Robb moved to slide 7 and discussed the OCS budget. She relayed that OCS was the largest DHSS division with 587 employees. The division's total proposed FY 23 budget was \$180 million, including \$96.1 million UGF. The slide showed a \$1.4 million UGF increment in support of the Alaska Tribal Child Welfare Compact. The department had been supporting the compact and engaged with tribes since 2017, but the \$1.4 million increment reflected a significant increase in investment.

Ms. Robb turned to the Division of Juvenile Justice on slide 8. She stated there were no significant changes proposed for the division in FY 23. There were 426 position control numbers (PCNs) in the division. The large divisions within DFCS would result in close to 500 more staff than DOH. The division's FY 23 budget was \$59.8 million, including \$57.1 million UGF. The budget was down slightly relative to FY 22, which was mostly related to SB 55 and some salary adjustments.

[1:48:22 PM](#)

Ms. Robb turned to slide 9 and reviewed the Department of Health operating budget comparison. She clarified the bars did not include departmental support services. She explained the existing departmental support services had been split between the two new departments; therefore, there was no way to do an accurate lookback. The totals in the blue box on the slide were the total budget for DOH including departmental support services. The department ended up with 1,446 PCNs and a budget of \$3 billion (primarily due to Medicaid), including \$918 million UGF. There was a substantial increase in UGF from the previous year, primarily comprised of a \$45 million increment for Medicaid. She noted the presentation included a separate slide on Medicaid.

Ms. Robb addressed the Division of Behavioral Health operating budget comparison on slide 10. The division had some fund source shifts because the governor's budget had not been built with the assumption the reverse sweep would pass; therefore, some of the amount was backfilled with UGF. The division also included a proposed decrement of \$790,000 UGF to behavioral health treatment and recovery grants.

[1:50:30 PM](#)

Ms. Robb advanced to the Division of Public Assistance with 458 PCNs on slide 11. The only significant change was a proposed decrement of \$215,000 UGF related to a reduction in the device count. She explained the information technology (IT) cost throughout the department was related to the number of existing devices. The method provided a much fairer way for the department because there were divisions such as API where staff did not all have a device, whereas some staff had multiple devices. She reported the division had been reduced by 121 positions the previous year and the decrement reflected the associated decrease in the device count.

Representative Edgmon looked at the Division of Public Assistance and asked for verification that much of the work provided by the division involved processing applications.

Ms. Robb agreed. She detailed the division was responsible for confirming eligibility for more than a dozen programs administered by the department.

Representative Edgmon asked how things had changed in recent years in terms of paper versus digital applications and the resulting cost savings.

Commissioner Crum responded that when the administration took over there had been a backlog of over 15,000 applications at the Division of Public Assistance. One of the administration's primary objectives had been to ensure to address the issue. He explained that through a change in leadership and moving towards an electronic document management system and the implementation of virtual call centers, the department had eliminated the backlog as well as multiple letters of correction from federal partners. The change had resulted in better serving Alaskans and gained efficiencies. There had been an associated reduction in 121 positions in FY 22 and \$9 million in associated savings. The division had done a tremendous amount of work processing federal assistance related to the COVID-19 response. He stated there were new expanded items that required a bit of a manual process including emergency allotment SNAP benefits, the pandemic EVT benefits for school lunches, and other similar programs.

[1:53:56 PM](#)

Representative Edgmon wanted to ensure that individuals who were hoping to receive benefits had electronic access. He remarked there had been substantial discussion on broadband capability and how it would change in the future. He wanted to ensure someone in the village of Manokotak knew how to apply if they could no longer submit a hard copy.

Commissioner Crum answered that the Centers for Medicare and Medicaid Services (CMS) allowed telephonic signature for Medicaid eligibility. He detailed the process took quite a bit of time on the phone; there was a 45-minute disclaimer that had to be read verbally over the phone in order to meet the criteria. Individuals without internet access could utilize mail-in paper applications or telephonic procedures to ensure accessibility to all corners of the state.

Co-Chair Foster asked for verification Commissioner Crum had said there was a 45-minute disclaimer. He was a bit shocked by the timeframe and thought it would be a deterrent.

Commissioner Crum answered in the affirmative. He explained that the department tried to encourage other ways to access the application. He stated there were times individuals wanted to undergo the telephonic process. He stated it did not happen often, but it was a time sink for the eligibility technician and the individual seeking assistance.

Co-Chair Foster thought there had to be some other solution.

Ms. Robb followed up on a question from Representative Edgmon and relayed there was an \$8 million capital request that would help with developing online applications and notifications. She shared that in the past, the Division of Public Assistance would send and receive 4 million pieces of mail per year. She stated it would be a benefit to Alaskans needing the benefits in addition to the division.

[1:56:23 PM](#)

Representative LeBon looked at slide 10 related to the Division of Behavioral Health. He asked how a decrement to behavioral health grants may impact the Interior.

Commissioner Crum answered that he could follow up on the question. He remarked that since the passage of SB 74 in 2016, the state had reduced behavioral health grants as it transitioned behavioral health services to the 1115 waiver to take advantage of the Medicaid expansion population and the 23 new services provided. The department understood there would always be a time and place for grants because not everything would meet the Medicaid definition of medical necessity. As a result, grants would decrease slightly. He noted the jump had been very slight in the current year compared to past years. He would follow up with the information on impact to the Interior and grantees.

Representative Wool stated that the chart on slide 10 excluded API. He asked if the grants were for other providers outside of API. He referenced the new Crisis Now program being formed by the Alaska Mental Health Trust Authority (AMHTA). He asked where the public interfaced with behavioral health other than API.

Commissioner Crum answered that behavioral health grants administered by the Division of Behavioral Health were for providers who may not be signed up to be a Medicaid provider. For example, sobering centers did not meet the CMS definition of medical necessity to be paid for by Medicaid dollars. The department had worked to create a bridge in order for behavioral health providers to use and receive behavioral health grants to provide services while they signed up to become an 1115 provider in order to receive Medicaid funding and offset. He explained that more money was coming into the behavioral health system via Medicaid than it would be via grants.

[1:59:21 PM](#)

Ms. Robb moved to the Division of Public Health operating budget comparison on slide 12. The slide aimed to identify the COVID-19 funds coming into the department in order to show a better picture of the budget absent the unusual influx of funding. There were no significant changes to the division's budget with the exception of fund source changes related to the governor's budget not counting on the passage of the reverse sweep. The division's total FY 213 budget was \$125.2 million, including \$48 million UGF. The division housed 427 PCNs and operated through a number of different sections.

Ms. Robb turned to the budget for the Division of Health Care Services on slide 13. The division's budget included a decrement of \$201,000 UGF related to a 50 percent reduction to a contract for a pilot program. She elaborated that the work would be funded through a Medicaid 1915 fee waiver going forward. During the period from FY 19 to FY 23 the division's budget had been relatively stable.

[2:01:30 PM](#)

Ms. Robb reviewed the FY 23 budget for the Division of Senior and Disabilities Services on slide 14. There had been no significant increments or decrements proposed for the division. The division's total proposed budget was \$64.2 million, including \$37.6 million UGF. She noted the division's budget had been remarkably stable.

Ms. Robb discussed Medicaid Services on slide 15. The budget included a \$45 million increment, which brought the division's total budget to \$3.4 billion, including \$656

million UGF. She reminded the committee that since the start of the public health emergency, the state had been receiving an enhanced Federal Medical Assistance Percentage (FMAP) of 6.2 percent. She explained the enhanced FMAP had greatly benefited the Medicaid budget. She reported the division had received the enhanced FMAP for two quarters in FY 20, which allowed the department to lapse almost \$60 million from Medicaid. The enhanced FMAP had been received for the entire FY 21 and had lapsed \$88 million in the last year. The enhanced FMAP was available for the entire FY 22 and the department did not anticipate lapsing any funds. She relayed that the public health emergency had been extended 90 days at a time by the federal government; therefore, the department did not want to build the division's budget counting on the continuation of the enhanced FMAP into FY 23. The proposed budget included the normal FMAP rate. She noted there were 263,000 Alaskans enrolled in Medicaid in FY 22 and 182,000 people had used the service.

[2:04:18 PM](#)

Ms. Robb reviewed the Departmental Support Services budget comparison on slide 16. She explained that what was shown in FY 23 would not be found in the budget because it was a combination of departmental support services for both of the new departments. She explained that the method enabled a comparison of the budgets across time. The blue box showed the proposed departmental support services budget as \$15.5 million and 62 staff for DFCS and \$39 million and 176 staff for DOH.

Representative Wool referenced Ms. Robb's statement that 260,000 Alaskans were enrolled in Medicaid and only 180,000 used it. He asked if the data reflected the prior year's numbers.

Mr. Robb agreed the information was year to date for FY 22. She detailed that typically the numbers recorded for Medicaid took place after the close of the fiscal year to ensure there were unduplicated recipients. Thus far there were 263,000 individuals enrolled. Anyone who was enrolled on March 18, 2020 could not be removed from the Medicaid rolls during the pandemic with several exceptions including death, moving out of state, or requesting to be removed.

Representative Wool stated that he had heard repeatedly that 30 to 35 percent of Alaskans were on Medicaid. He understood the data from the department reflected year to date and there was more time in the fiscal year; however, he observed that 180,000 out of 260,000 was quite a bit less. He remarked that the Medicaid spend presumably only included enrollees who required service. He believed the dollars were divided amongst fewer people than enrollees.

Ms. Robb agreed.

Representative Wool asked what percentage of Medicaid enrollees used Medicaid in a typical year.

[2:07:53 PM](#)

Ms. Robb responded it was referred to as the utilization number. She relayed the number had been above 80 percent in the past. Utilization had been declining over time and had been the lowest in 2020 at 71 percent. She reported there had been a halt on elective procedures in the end of 2020 and many people had felt uneasy going into medical facilities unless absolutely necessary.

Representative Wool asked about the status of the dental option for Medicaid recipients. He wondered whether it had impacted the utilization rate.

Commissioner Crum replied that the adult preventative dental program was still in place as it had been prior to FY 19. He would follow up with the utilization rate.

Representative LeBon remarked that the state had expanded Medicaid about six to seven years back. He asked for detail about the Medicaid population. He wondered how many individuals were enrolled and what the utilization rate was.

Commissioner Crum answered throughout the COVID-19 response - the department had been unable to do enrollment verifications or remove individuals from Medicaid rolls - the number of eligible and enrolled members had greatly increased. Throughout FY 18 through FY 20, there had been about 220,000 to 230,000 enrollees. He would provide the historical information in writing including the numbers prior to Medicaid expansion compared to current numbers.

2:10:22 PM

Representative LeBon asked for the general profile of an Alaskan brought into Medicaid under expansion about six years back.

Commissioner Crum answered that the Medicaid expansion population included individuals between the age of 18 and 64 who were just above the poverty line. The individuals included able bodied adults (i.e., adults who were not disabled or pregnant).

Ms. Robb turned to slide 17 showing the cost related to implementing the executive order. She pointed to the middle of the slide showing the required strategic investment of about \$1.9 million. The funding was primarily comprised of interagency receipts in addition to \$434,000 in general funds and \$313,000 in federal funds. The administration was requesting 11 new PCNs and was reclassifying 10 positions.

Representative Edgmon asked if there would be a healthcare specialist on the governor's staff that would be a conduit to the governor's inner circle.

Commissioner Crum answered that he did not know. He noted that every governor's office historically changed on their policy advisors and expertise.

Representative Edgmon asked for verification that the commissioner did not know.

Commissioner Crum answered in the affirmative. He did not know what the future staffing of the governor's office would be. He highlighted that by splitting the department, an additional expert would be added at the cabinet level who could focus on the items. He detailed that the position would be facilities and child welfare based for DFCS and Medicaid assistance and public health based for DOH.

Representative Edgmon pointed out that a healthcare policy advisor was an important position regardless of whether the department remained as is or was split into two or three components. He remarked that organizational charts referenced a tribal liaison and departmental organization liaison; however, he did not see the associated PCNs in the FY 23 budget request.

Commissioner Crum answered that the two positions had come about from the department's stakeholder engagement. The department had talked with tribal partners about whether there could be a tribal liaison in the commissioner's office. There was currently an outstanding administrative order specifying that all divisions across the state were required to have a divisional based tribal liaison, which would continue to be in effect. The goal of the commissioner's office based tribal liaison was to continue items such as conversations about how to maintain the informal things in order to work together.

Commissioner Crum relayed the department had gained strategies in the past year on how to approach the federal government for innovations together. He explained that because the positions had come about via stakeholder engagement, the department was going through the process after the 60-day consideration period. He expounded that if the executive order became law, the administration would determine which roles would be assigned [to the two departments] and how to name the individuals. The work was underway, and the administration had made a commitment to the Alaska Native Health Board to get the names prior to the effective date.

[2:15:12 PM](#)

Representative Edgmon referenced Commissioner Crum's earlier statement there was gray area between the reorganization of the department and the budget implications. He agreed with the statement. He looked at slide 7 showing the OCS budget. His stated his ears had perked up at the words tribal compact. He relayed his understanding that the Dunleavy administration had been fairly lukewarm on the tribal compact. He highlighted that several years back Governor Dunleavy had vetoed \$3.4 million for tribal compact. He referenced the department's mention of 587 OCS employees statewide. He underscored that the one element about the department he received the most complaints and concern about was the lack of ability for OCS to do its job.

Representative Edgmon stressed that the system did not work in some instances; however, he believed a tribal compact represented an unlimited ability to tap into the disproportionate number of Alaska Natives who cycled through the foster care system, OCS, and DHSS. He

appreciated the governor recognizing the issue and including money, but he thought it rang a bit hollow. He highlighted that in 2017 the tribal compact had great effort and organization and tremendous stakeholder involvement across every sector. He stated it had languished for a period of time and the administration was returning to the idea as if it could be a silver wand or magic bullet. He wanted to do ensure the state did everything possible to seize upon the opportunity. He emphasized that if the budget numbers were changed or the 587 PCNs were reduced, the state needed to start involving tribes.

Commissioner Crum appreciated the comments by Representative Edgmon. He stated that OCS was a very challenging place to work because the work was traumatic to the employees. Over time there had been an increasing vacancy rate of case carrying workers. He stated the tribal compact was an exciting prospect because it brought prevention home to communities. He elaborated that Alaska Natives comprised 15 percent of the state's population, while 65 percent of the children in foster care were Alaska Native. He highlighted the need of engaging at a local level. He stated the administration had been big proponents of the child welfare compact throughout.

Commissioner Crum elaborated that because it was a compact, a consultation was a very iterative process in terms of what went forward. He stated that one of the unique aspects about the compact was that it had been signed but there had never been a specific legislative funding increment. He expounded that internal OCS funding had been used to support the compact. He explained that a current year budget would pass, and the department would enter negotiations over which services would be provided for the remainder of the fiscal year. He reported that the department had successfully negotiated with tribes in two separate negotiations in the past year to bring forward a legislative item to increase investment.

Commissioner Crum explained that the additional \$1.4 million would bring the total investment towards the Tribal Child Welfare Compact up to \$3.1 million. The funding would enable the department to perform work throughout FY 22 and have preventative measures entered into the mix for FY 23. The department appreciated the legislature's efforts in prior years to insert the funding; however, because the

department had not undergone the consultation process it could not have spent the money. The recent negotiations had been very successful and going forward the increment would have its own line item in the budget. There would be visibility into performance metrics as tribes took advantage of the opportunity and prevented children from entering into the system.

[2:19:43 PM](#)

Representative Rasmussen stated it had been brought to her attention there was a court case involving a father who had been able to relinquish his parental rights while his child was in foster care. She assumed it meant the father would no longer have to pay child support. She asked if there were currently children under the care of OCS who had parents paying child support.

Commissioner Crum replied, "Yes, there are." He explained that sometimes on complex placement where a child may need to be in an assisted living facility there were still enveloped parents who maintained custody of the child but could not care for them. He stated it was a mixed bag. He stated that child welfare was a painful aspect for families, children, and OCS workers.

Representative Rasmussen understood the court case she had mentioned was one of the first cases due to the gray area in statute. She asked if the situation could become a substantial budgetary item in the future if parents decided to begin relinquishing their rights and no longer paid child support.

Commissioner Crum replied that he did not know enough about the topic. He would confer with staff and follow up.

[2:21:50 PM](#)

Ms. Robb had concluded her presentation and was available for questions.

Representative Wool referenced the statement that one of the new departments would be more public facing and the other would be responsible for the payment side of things. He wondered why public health would be included in a payment facing side as opposed to a public facing side.

Commissioner Crum pointed to the list of services on the left side of slide 3 and clarified that with the exception of the commissioner's office and Finance and Management Services all of the divisions listed were public facing and interacted with the public. The commissioner's office and Finance and Management Services were internal. He clarified the administration was calling DFCS its "direct care" department given its work with patients, elders, and community members around the clock.

Representative Wool thanked Commissioner Crum for the clarification.

Representative Edgmon asked how the split would occur physically. He wondered whether the facilities would be the same.

Commissioner Crum answered the goal was for no change in leadership or footprint for the public facing divisions. He elaborated that API, the Division of Juvenile Justice, and the Pioneer Homes had very set facilities. There would be no change in the OCS headquarters or field offices. Additionally, in DOH, Health Care Services and the Division of Public Assistance had been consolidating their footprint over the past two years as a natural course of business as the department examined its utilization and leases. He noted that the Division of Senior and Disabilities Services and Division of Behavioral Health also fell into that category. There would be changes in the location of the commissioner's offices within the Frontier Building in Anchorage and the Administrative Office Building in Juneau. There would also be changes in the Finance and Management Services side. He stated it would be one of the biggest changes; Finance and Management Services would be carrying the brunt of the reorganization. He elaborated that individuals working in IT together would go from one department to another. He explained that individuals who had worked on programs that were primarily with DFCS they would continue to maintain the programs.

[2:25:59 PM](#)

Representative Edgmon referenced the complex nature of the department. He did not believe the meeting was doing justice to the complexity of the proposed change. He believed the presentation had only skimmed the surface. He remarked that the executive order was another topic. He

elaborated that the executive order was 97 pages long and contained budget implications on every page. He stated he personally felt very inadequate in terms of his own contributions to the meeting discussion.

Co-Chair Foster agreed that the department was huge. He stated there were major impacts in terms of services being offered to the public. He considered perhaps the impacts would be great and there may be things the committee was not fully understanding at present. He relayed the committee could return to the discussion again in the future.

Commissioner Crum offered that he had more time if the committee needed to extend the meeting.

Co-Chair Foster relayed his office would reach out to the department regarding extending the discussion another time.

Representative Rasmussen asked if there was a current salary cap for the amount of compensation a commissioner could receive.

Commissioner Crum answered that the salary for a commissioner was set in statute.

Representative Rasmussen asked if there was a cap on the salary for a deputy commissioner and on the number of deputy commissioners or assistant commissioners within a department.

Commissioner Crum answered that he did not believe there was a cap on the salary for a deputy commissioner. He elaborated that salary typically depended on whether an individual had come from state service. There were typically protocols on how far out a deputy commissioner could be "stepped out" in the salary range. The structure varied by department.

[2:28:40 PM](#)

Representative Rasmussen stated that in theory a deputy could make more than a commissioner. She thought the change seemed to provide some budget structure and force some more fiscal responsibility.

Commissioner Crum agreed and stated that the change allowed for more legislative oversight by breaking up the "behemoth" that is the Department of Health and Social Services. He elaborated that the DHSS budget was equal to 12 state departments in addition to the legislature, court system, and judiciary combined. The department had as many PCNs as five other state departments combined. He explained that the breadth and depth of the services were vast; therefore, the objective associated with the reorganization was to align key functions and avoid disruption to services to beneficiaries or payments to providers. He referred to the reorganization as the "pick and place" method where there would be no change in leadership or footprint for the public facing divisions. The goal was for the public to see no change in the receipt of services.

Representative Wool stated it was a hugely complex undertaking and agency. He wondered if the endeavor was the best thing to undertake in the fourth year of an administration. He noted that a new administration may have to untangle the situation. He thought it seemed like something to undertake at the beginning of a four-year term.

[2:31:04 PM](#)

Commissioner Crum appreciated the remarks. He stated that the idea had been tossed around by numerous administrations. He shared that he had kept a great deal of the division directors from the prior administration; the individuals had worked for the state for many years. He relayed that the idea for the proposal had come from those employees. Over the past year the department had continued its stakeholder engagement in a robust way in order for stakeholders to understand the change would not disrupt services and would allow time for commissioners offices and policy staff to further engage with community members and to deal with half the crises at one time.

Commissioner Crum highlighted that OCS, API, Juvenile Justice, and the Pioneer Homes all had unique problems, including the fact that they were all facility based. He stated that deferred maintenance and long-term investment were different plans and skill sets to address the issues. He pointed out that the aforementioned groups were not primarily Medicaid based. He noted that Medicaid's \$2.6 billion budget was one of the driving factors of the

state's overall budget. He stated that Public Health and Medicaid tended to take the air out of the room. He used the Pioneer Homes as an example and noted that eligibility would follow an elder into the Pioneer Home.

Co-Chair Foster stated the committee would likely follow up on the topic in the future.

HB 281 was HEARD and HELD in committee for further consideration.

HB 282 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following day.

ADJOURNMENT

[2:33:47 PM](#)

The meeting was adjourned at 2:33 p.m.