

SENATE FINANCE COMMITTEE  
February 18, 2021  
9:01 a.m.

[9:01:29 AM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Lyman Hoffman  
Senator Bill Wielechowski  
Senator Donny Olson  
Senator Natasha von Imhof  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

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

PRESENT VIA TELECONFERENCE

Clinton Lasley, Deputy Commissioner, Department of Health and Social Services, Anchorage.

SUMMARY

^PRESENTATION: EXECUTIVE ORDER 119 - DEPARTMENT OF HEALTH AND SOCIAL SERVICES REORGANIZATION

[9:02:39 AM](#)

Co-Chair Bishop outlined the process for hearing an executive order.

9:04:22 AM

ADAM CRUM, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, discussed the presentation, "Alaska Department of Health and Social Services (DHSS), Executive Order 119, DHSS Reorganization" (copy on file). He highlighted slide 2, "Alaska Department of Health and Social Services." He noted that there were four divisions that were proposed to be moved to a new commissioner's office and new department.

Commissioner Crum looked at slide 3, "How DHSS Exists Today":

FY2021 Budget (Including Supplementals): \$3,483,908.6  
Positions: 3401

#### Programs/Services

- Over 100 programs that serve Alaskans directly
- How Alaskan are served: birth certificates, death certificates, licensed medical facilities, licensed assisted living/skilled nursing facilities, eligibility for assistance programs, foster care services, family preservation services, preventative health, adult protective services, tobacco prevention programs, marijuana education and prevention programs, comprehensive community and mental health services, payments to support Alaskans, payments for providers, complex case management services, transportation services, home and community-based waivers, juvenile detention services, chronic disease and health promotion, preventative health, childcare facility licensing and safety, early intervention and learning programs, public health nurses, substance misuse and addiction prevention, newborn hearing and screening programs.

#### Major Categories of Services

- Regulatory/Claims Processing/Eligibility for Services
- Public Health Services
- Protecting Vulnerable Alaskans, Children, Families (Service/Provider/Provider Based)

Commissioner Crum pointed to slide 4:

### Challenges

- Division of Public Assistance Backlog
- Alaska Psychiatric Institute
- Office of Children's Services
- COVID-19 Public Health Emergency
- IT/Network Systems

### Opportunities

- Tribal Child Welfare Compact
- 1115 Waiver
- Tribal Claiming
- Care Management Programs

[9:12:49 AM](#)

Co-Chair Bishop noted the issue of retention of the case workers in the Office of Children's Service (OCS). He wondered whether the 51 percent turnover was indicative of other states and their child service divisions.

Commissioner Crum replied that there were many child welfare departments in the country that had about 20 percent turnovers. He stated that a 20 percent turnover rate in a child welfare department would be considered "stable."

Co-Chair Bishop queried the lessons from the exit interviews.

Commissioner Crum replied that there needed to be a higher level of support. He remarked that it seemed like there was a never ending process, due to the weight of the cases. He deferred to Mr. Lasley about any specific poignant items.

[9:14:37 AM](#)

CLINTON LASLEY, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, ANCHORAGE (via teleconference), explained that the primary concern for leaving was the amount of cases that the staff were required to carry.

Co-Chair Stedman remarked that 65 percent of the young people with cases through OCS were Alaska Native. He requested a breakdown of Alaska Natives as a percentage, and by geographic region. He felt that it was substantially

disproportionate to the population of Alaska Natives in the state.

Commissioner Crum agreed to provide that information. He further explained that examining the Division of Public Assistance and putting forth more support provided a greater level of retention.

Co-Chair Bishop stressed that the Division of Public Assistance needed continued support.

Commissioner Crum addressed slide 5, "For Comparison." He noted the comparisons of the Department of Health and Social Services (DHSS) to the other departments in the state.

Commissioner Crum looked at slide 6, "Executive Order 119 Vision":

The Reorganization of DHSS

Goal: Provide proactive, efficient leadership and management of programs to achieve better outcomes for Alaskans

Align Current Functions and Programs

1. Direct Care and Services to Alaskans in State

Administered Programs

2. Eligibility for Alaskans and Payment to Providers

Focus Management to Improve Outcomes

1. Innovation

2. Work Processes

[9:20:56 AM](#)

SYLVAN ROBB, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, discussed slide 7:

Dept. of Health and Social Services

FY2021 Management Plan + Supplementals

UGF \$1,124,967.4

Total \$3,483,908.6

Full Time Positions 3401

Dept. of Family and Community  
Services

FY2022 Governor's Amended

UGF \$213,447.1  
Total \$413,419.6  
Full Time Positions 1823

Dept. of Health  
FY2022 Governor's Amended  
UGF \$898,948.7  
Total \$3,038,018.6  
Full Time Positions 1439

Senator Wielechowski remarked that the executive order was 106 pages, and changed dozens of statutes. He wondered whether the statutory changes would go into effect if the legislature did not take any action.

Commissioner Crum replied in the affirmative.

Senator Wielechowski did not understand how the executive order was considered legal, when it changed many statutes.

Commissioner Crum deferred to someone with a legal opinion.

Co-Chair Stedman felt that there could be a request for a legal opinion.

Ms. Robb continued to discuss slide 7:

Difference FY2021  
Management Plan + Supplementals to FY2022 Governor's  
Amended  
UGF (\$12,571.6)  
Total (\$32,470.4)  
Full Time Positions (139)

[9:25:33 AM](#)

Commissioner Crum looked at slide 8, "Department of Family and Community Services." He stated that the slide showed an organizational chart of a proposed new department.

Senator Wielechowski wondered whether any services would be privatized with the proposed change.

Commissioner Crum replied that there were no privatized services proposed in the executive order.

Senator Hoffman referenced the Tribal Child Welfare Act and other tribal partnerships. He wondered if any tribal entities had expressed concern about the proposed restructuring.

Commissioner Crum replied that there was a conversation working with the Tribal State Collaborate Group on Child Welfare. He stated that there were some proposed ideas about OCS realignment, which were changes to the division on some of the operational items.

[9:30:08 AM](#)

Senator von Imhof wondered what ways the department had engaged meaningfully with the community and different stakeholders to decide the parameters of the bifurcation and the transition.

Commissioner Crum replied that there were conversations with the divisions and other stakeholders.

Senator von Imhof felt that it was important to continue with the engagement with stakeholders in order to get the community on board with the transition.

Commissioner Crum replied that there was work with the Alaska Children's Trust to get meetings set for public townhalls.

Co-Chair Stedman requested background on the concept of the bifurcation came to fruition. He also noted that COVID had changed the time allotment of the commissioner.

Commissioner Crum replied that conversations began summer 2019.

Co-Chair Stedman felt that there needed to be some numbers put on the broad concept of the bifurcation.

Co-Chair Bishop assumed that delivery of services was important in the decision, and assumed that there were some numbers for a cost-benefit analysis.

Senator Wielechowski looked at page 34 of the executive order, which included a page of legislative findings related to persons with disabilities. He remarked that it was a whole new section that was not in statute. He

wondered why they were included in the executive order, when they were not findings by the legislature.

Commissioner Crum agreed to provide further information from the Department of Law (LAW).

Senator Wielechowski noted that there were five pages with the use of Alaska Mental Health Trust Authority (AMHTA) Settlement Income Account money, and wondered whether it was in regulation or statute.

Commissioner Crum replied that the legislative writing team at LAW helped to write the executive order, so he would provide more information about those specifics.

[9:40:16 AM](#)

Senator Wielechowski wondered whether there would be a change to where the AMHTA could spend money, or whether it was codifying the current practice.

Commissioner Crum replied that it would not change the way AMHTA spent money.

Senator Wielechowski stressed that it was five pages outlining the way AMHTA could spend money. He felt that it was inappropriate for an executive order. He wondered why it was not drafted into legislation.

Commissioner Crum replied that it was a constitutional provision that allowed the executive branch to reorganize by an executive order.

Senator von Imhof wondered whether AMHTA had expressed support for the executive order.

Commissioner Crum replied in the affirmative, and stated that there were multiple conversations with AMHTA.

Co-Chair Bishop requested the AMHTA documentation.

Senator Olson thanked Commissioner Crum for the work on social service in his district. He wondered whether the tribal health organizations were in support of the bifurcation.

Commissioner Crum replied that he could not speak for those entities, but shared that there had been many conversations with the entities.

Senator Olson asked whether there was formal support from those entities.

Commissioner Crum replied in the negative.

Senator Olson commented that he had a discussion with the former commissioner of DHSS about splitting the department, but the willpower was not there at the time.

Commissioner Crum pointed to slide 9, "Department of Health." He stated that the slide showed the proposed organizational chart for the proposed new Department of Health.

[9:45:52 AM](#)

Co-Chair Bishop wanted more explanation about the "fee for service" and value.

Commissioner Crum replied that it would be "value-based care" as opposed to "fee for service."

Co-Chair Bishop asked for further definition.

Commissioner Crum explained that an example of value-based care would be moving toward bundled payments. He shared that there was a process in the Office of Rate Review, which was an ongoing project working with the hospital association to do diagnosis-related groups. He shared that that the bills would be for a situation or condition, rather than a specific appointment. He explained that there was similar program in other parts of the country.

Senator Hoffman looked at page 27 of the executive order, which referred to public assistance. He wondered whether the services listed were being redefined that might diminish current services.

Commissioner Crum replied that there was no diminishment of services for any divisions or programs offered to individuals and Alaskans.

Senator Wielechowski looked at pages 57, 58, and 59 of the executive order that were new legislative findings related to children. He wondered whether the administration had consulted with the legislature prior to enacting the legislative findings.

Commissioner Crum replied that he would consult with LAW regarding that question.

[9:48:58 AM](#)

AT EASE

[9:50:38 AM](#)

RECONVENED

[9:50:43 AM](#)

Co-Chair Bishop stressed that the day's meeting was intended to be an overview, and there would be a sectional analysis with LAW at a later date.

Senator Wielechowski looked at page 57, and asked for a definition of "reasonable corporal discipline."

Commissioner Crum replied that all of the definitions were in existing statutes, and were getting moved to conform to the new department. He agreed to provide further information.

Senator Olson asked for a copy of that response.

Co-Chair Stedman asked for a repeat of the line number referenced.

Senator Wielechowski stated that on page 57 there were legislative findings related to children. The specific item was line 17.

Ms. Robb highlighted slide 10, "Increments for Commissioner's Office and Department Support Services." She noted the creation and addition of new positions within the new departments. She stated that the total cost for the reorganization was approximately \$5.7 million.

Co-Chair Stedman wondered whether it would be more economic to add the people to the existing structure.

Mr. Crum replied that the intent had been to trim down and allow a deep dive into reducing high turnover numbers.

9:55:01 AM

Co-Chair Stedman thought 13 people working on the issue was plenty. He struggled to understand the additional people to the structure.

Mr. Crum said that the total was 25 people who would work to make the transition successful. He said that there were many mechanisms in place for maximum efficiency.

Co-Chair Stedman requested that the department set up benchmarks and tracking to report back to the committee.

Co-Chair Bishop wondered whether there thirteen vacant positions for the new positions.

Ms. Robb replied that the request for additional 13 positions was within the budget.

Co-Chair Stedman remarked that \$5.6 million divided by 13 was \$436,000. He queried the cost of the 13 positions.

Commissioner Crum agreed to provide that information.

Co-Chair Bishop asked the number of classified versus exempt positions in that proposal.

Senator Wilson asked for an overview of how the added positions would enhance benefits for those already receiving services.

Commissioner Crum stressed that the main goal was reducing the backlog to provide better services to Alaskans.

Senator Wielechowski wondered whether there were any concerns expressed about the executive order by any of the labor unions.

Commissioner Crum replied that he had met with the labor groups to address their concerns. He remarked that there was also some assuaged union concerns.

Co-Chair Bishop asked whether the labor unions were in support of the executive order.

Commissioner Crum replied that they did not have a definitive expression of support, but he was working to follow up with them to ensure that he was addressing their concerns.

Senator Hoffman requested a detail of the location of the thirteen positions. He looked at page 7, and remarked that there were 139 eliminated positions, and queried the location of those positions.

Commissioner Crum agreed to provide that information.

[10:05:56 AM](#)

Co-Chair Stedman clarified the math from earlier.

Senator Wielechowski queried the projections' impact on homelessness, suicide, and domestic violence in the state.

Commissioner Crum replied that the changes were not anticipated to affect the issues, because the Division of Behavioral Health would remain intact.

Senator Wielechowski queried any substantive changes to foster care or OCS.

Commissioner Crum hoped that the impact would result in a positive change for foster care.

Ms. Robb looked at slide 11, "FY2021 Management Plan + FY2021 Supplemental Comparison to FY2022 Gov Amend - Two Department Structure."

Commissioner Crum shared that there would be specifics requested and other cost savings.

Co-Chair Stedman wondered whether there would be reduced footnotes and disclaimers as a result of the reorganization.

Commissioner Crum replied in the affirmative.

Ms. Robb furthered that the goal was to keep a closer eye and reduce the number of audit findings.

[10:10:44 AM](#)

Senator Wielechowski looked at page 1, which removed the Alaska Pioneers Home and the Alaska Veterans Home from the definition of "health care facility", and queried that impact.

Commissioner Crum replied that they would still be defined as health care facilities, but believed that they were part of the statutory "clean-up" of moving the departments.

Senator Wielechowski stressed the definition removed those facilities, and queried the reason.

Commissioner Crum thanked the committee.

Co-Chair Bishop discussed housekeeping.

#

ADJOURNMENT

[10:13:03 AM](#)

The meeting was adjourned at 10:12 a.m.