

HOUSE FINANCE COMMITTEE
February 6, 2024
1:36 p.m.

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CALL TO ORDER

Co-Chair Edgmon called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Heidi Hedberg, Commissioner, Department of Health; Josie Stern, Assistant Commissioner, Department of Health; Emily Ricci, Deputy Commissioner, Department of Health.

SUMMARY

HB 268 APPROP: OPERATING BUDGET; CAP; SUPP; AM

HB 268 was HEARD and HELD in committee for further consideration.

HB 270 APPROP: MENTAL HEALTH BUDGET

HB 268 was HEARD and HELD in committee for further consideration.

OVERVIEW: DEPARTMENT OF HEALTH FY 25 BUDGET

#hb268

#hb270

HOUSE BILL NO. 268

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations; making supplemental appropriations; making reappropriations; 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. 270

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

^OVERVIEW: DEPARTMENT OF HEALTH FY 25 BUDGET

Co-Chair Johnson reviewed the agenda for the meeting.

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HEIDI HEDBERG, COMMISSIONER, DEPARTMENT OF HEALTH, introduced the PowerPoint presentation "State of Alaska Department of Health Department Overview" dated February 6, 2024 (copy on file). She began on slide 2 and relayed that the Department of Health (DOH) celebrated its one year anniversary on July 1, 2024. The department had been busy engaging its stakeholders around system changes in health care, behavioral health, and child care to support the growth of healthy families. The department had also been focused on leveraging technologies and automations to support its staff and processes. All of the new focuses for the department had synergized down to four major areas of effort: behavioral health, complex care, child care, and the transformation of systems. She relayed that DOH had made significant progress on system and policy alignment. The staff had worked diligently to promote the department's mission, which was to promote the health, well-being, and

self-sufficiency of all Alaskans. For example, SB 58 related to expanding Medicaid eligibility for postpartum mothers passed in 2023. The department staff worked with the Centers for Medicare and Medicaid Services (CMS) and engaged the public through the regulatory process after the bill passed. The department was able to implement SB 58 on February 1, 2024, which was ahead of the July 1, 2024, deadline. She explained that the presentation would provide a budget overview and demonstrate how the budget supported the department's mission.

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JOSIE STERN, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH, continued the presentation on slide 3. She explained that the slide reflected the department's budgets starting from when it was first stood-up in FY 23. Overall, DOH's budget in FY 25 was slated to be about \$2.2 billion, which was a decrease of around \$273.5 million from the FY 24 management plan. The overall decrease was due to reversals of federal COVID-19 funding. There was a small decrease of around \$39.4 million in unrestricted general funds (UGF), which was mostly tied to reversals of one-time increments and multi-year appropriations that were made in 2024.

Representative Galvin understood that the state spent less money than was authorized in FY 23. She asked if her understanding was correct.

Ms. Stern responded in the affirmative. She explained that between the FY 23 actuals and authorized FY 23 finals, there was less funding spent in UGF because the department was limited in the amount of receipts it could collect.

Representative Galvin understood that the department was unable to spend more money due to the receipt cap. For example, the department could not spend more money on Supplemental Nutrition Assistance Program (SNAP) employees. She often heard from constituents that they were struggling in many of the department's items of focus. She asked if she could tell constituents that the state had money but it was unable to spend it. She hoped the problem could be fixed.

Ms. Stern responded that there were some situations in which the spending of the funds was limited by the receipts that could be collected. There were other situations in

which the department was unable to spend all available funds during the times that were allotted for employment contracts. She could follow up in writing with more details because there were a variety of reasons for underspending.

Representative Galvin commented that she would appreciate more information.

Co-Chair Johnson confirmed that Representative Galvin had made a request for additional information.

Representative Galvin responded in the affirmative.

Co-Chair Johnson asked Ms. Stern to provide a response to all members of the committee.

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Representative Josephson acknowledged there were hundreds of millions of COVID-19 relief dollars that could not be spent. He was not able to discern what was not happening that benefited the public in the absence of the unspent COVID funds. He asked if there was funding that stood alone and apart from COVID funding that had benefited the public but would no longer be available.

Ms. Hedberg responded that the department had been working across all divisions on the uses of the remaining federal funds. The department had been working on the transition over an extended period of time to ensure that there would not be an unexpected cut of the federal funds specific to COVID. For example, the Division of Public Health (DPH) had been working on data monetization projects and there would be continued benefits from the funds that would support the community.

Representative Galvin understood that due to SNAP backlogs and other issues, the funding was not fully released to the public. The backlog still existed but there was a plan to address it. She asked if some of the dollars were not distributed to families because the state did not have the capacity to distribute the funds at the time.

Ms. Hedberg replied in the negative. The next few slides of the presentation would discuss the Division of Public Assistance (DPA) and the SNAP backlog.

Co-Chair Johnson suggested that the committee wait to ask questions until all of SNAP slides had been presented.

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Ms. Stern continued on slide 4 and detailed DPA's budget. She relayed that the proposed budget for FY 25 was \$275.4 million, which was a decrease of about \$174 million from FY 24. The decrease was mainly due to reversals in federal funding. The UGF decrease was due to the sunset of the Senior Benefits Payment Program (SBPP) along with some one-time increments that were received in FY 24.

Ms. Hedberg continued to slide 5, which offered detailed information about SNAP. When she began working as DOH's commissioner in November of 2022, there was an existing SNAP backlog. The new leadership within DPA led the charge of closely examining staffing needs and the division's processes. There was also a business process redesign of SNAP in April of 2023. The redesign examined the way in which applications flowed through the system and how eligibility technicians were assessing applications. There was a team that was specifically focused on the applications and a requirement that each application be processed within 30 days. There was a second team that was focused on the SNAP backlog of applications that were older than 30 days. There was a third team that was focused on Medicaid redetermination. She explained that the division was able to address the first backlog by the summer of 2023 due to the business process redesign. There was a short period of time during which the division was maintaining timely processing of applications.

Ms. Hedberg explained that in the fall of 2023, there was a series of cascading events that contributed to the decrease in processing time. She thought the quick decrease was a reflection of the fragility of DPA. One of the first events that happened in the fall of 2023 was that the waiver for SNAP interviews implemented by Food Nutrition Services (FNS) under the U.S. Department of Agriculture (USDA) ended on September 30, 2023. The end of the waiver meant that all states needed to restart the interview process. She remarked that eligibility technicians had a difficult job and there was significant turnover in the role. She noted that interviews were not completed for a period of three years. Once the interview process began again, eligibility technicians were averaging about 96 minutes per interview.

There needed to be an additional focus on training to streamline the process. Also in the fall of 2023, there were significant storms and weather events that impacted the division's staff and their ability to work, such as school closures and difficult road conditions. In addition, the division's document and management system moved to the cloud and there was some increased lag time in the process. She explained that the quick succession of the aforementioned events impacted the processing time of applications.

Ms. Hedberg shared that in order to address the problems brought about by the events, she immediately reached out to the division's partners at FNS to request that the division be permitted to temporarily pause the interviews. She noted that FNS was supportive and asked the division to submit a waiver. After 30 days, FNS determined that it did not have the authority to approve the waiver. In response, she made the decision to temporarily pause the interviews. She noted that interviews were causing the division's backlog to grow significantly. In December of 2023, there were 12,098 cases in backlog. Presently, the number of cases in backlog was 3,212. She stressed that the process was working due to the temporary pauses. She expected that the entire backlog would be eliminated by the end of the month. She reiterated that staff training needed to be examined in order to streamline the interview process. The division had received many helpful recommendations from its contractors on how to improve the process and the recommendations were currently being implemented. She stressed that staff were being trained on how to conduct the interviews more efficiently. The interview process would begin again once the backlog was completely eradicated; however, the progression would be slow as it was time consuming to train all division staff. She indicated that her focus was on preventing backlogs and being proactive.

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Ms. Hedberg continued on slide 6 and shared that the division had started to see a slow increase in vacancies. Leadership was working closely with staff and trying to determine ways in which the culture and the environment could be improved. The department was also implementing new technologies to support the clients' experience and to support the eligibility technicians. In December of 2023, the department launched the online SNAP application. To

date, there had been over 2,500 applications submitted online. The applications were being completed more quickly and had made the process simpler. In addition, the applications were more complete because applicants were prompted to upload necessary information that was sometimes missed on paper applications. The online application also made easier the jobs of eligibility technicians.

Ms. Hedberg continued that the next technology that was going to be launched was the self-service portal, which would be live in July of 2024. The portal would allow clients to upload documents after submitting the application and would be accessible for all public assistance applications. The department was also on target to launch the online interim report, which was a federal FNS requirement. Clients were required to report any changes after six months, which could now be completed online. In addition, the department planned to launch an advanced capture and intelligent scanning program in the spring of 2024. The program would leverage technology to scan and categorize documents, making the process easier. In the summer of 2024, phase II of the self-service portal would be launched, which would allow for clients to have better access to documents and make it easier for clients to check the status of their applications.

Ms. Hedberg thought the technological improvements would help increase the communication and decrease the call volume for the virtual contact center. Towards the end of summer of 2024, the department planned to launch electronic notifications, which would allow clients to opt-in to receive notifications about the application. Currently, all notifications were mailed out via the postal service and it was common for the mail to get lost. All of the technological improvements were made possible due to a capital appropriation in 2023 that allowed the division to move the document management system into the cloud. She appreciated the financial support of the legislature in the prior year.

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Co-Chair Johnson asked how long Ms. Hedberg had been working for the department. She understood that Ms. Hedberg had been onboard for one year.

Ms. Hedberg responded in the affirmative.

Representative Stapp appreciated the hard work done by DOH leadership. He noted that Ms. Hedberg joined during a difficult time and she was in the process of mitigating the problems. He appreciated willful defiance of federal agencies, particularly when federal agencies such as FNS overstepped in Alaska. He asked if any other state received approval for waivers for the interviews.

Ms. Hedberg responded in the negative.

Representative Stapp asked what the consequences could be for intentionally disobeying FNS and pausing interviews. He suggested that the state might be responsible for paying the federal government because it was refusing to conduct interviews.

Ms. Hedberg responded that the administration of SNAP was 50 percent federal funds and 50 percent state general funds. She received an advance warning letter from FNS and she was aware that providing a warning was part of FNS's role. She shared that DOH was working closely with FNS and the two entities met weekly. She did not find the letter surprising and stressed that FNS was required to send the letter.

Representative Stapp asked if there were any other states that were in the same predicament and might also receive letters from FNS.

Ms. Hedberg responded that there were many other states in the exact same position as Alaska. She had reached out to many other states to discover how the other states were working with FNS and there were a variety of strategies.

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Representative Hannan asked if the following information was available for SNAP eligibility technicians: the turnover rate, vacancy rate, letter of agreement, whether there was a classification alignment, and whether there were retention incentives.

Ms. Hedberg replied that the vacancy rate for DPS as of December of 2023 was 16.1 percent. The rate had been much higher in the past. She would follow up with Representative Hannan about the turnover rate. She had been told that for

every six new hires, about four employees were leaving the job. She explained that there were letters of agreement to allow interested eligibility technicians to work overtime, which was how the division was working through the SNAP backlog. The FY 24 supplemental budget also included funding for hiring bonuses and retention.

Representative Hannan noted that senior benefits were not currently in the budget. She asked if there was an intersection of eligibility between senior benefits and SNAP. She asked if all three levels of senior benefit recipients were eligible for SNAP.

Ms. Hedberg responded that she would follow up with the information. She added that when an eligibility technician processed an application, all of the client's information and any other public assistance applications that the client had filled out were evaluated as part of the eligibility process. She explained that it was a "one and done" model to ensure that all of the needs of a client were addressed at the same time.

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Co-Chair Edgmon remarked that he had the opportunity to meet with the Board of Directors at the Alaska Federation of Natives (AFN) earlier in the day and SNAP was an important topic of conversation. He appreciated the work done on the SNAP program and backlog. He asked if there was information about the 3,200 remaining SNAP backlog applications. He asked if there was a sense of where the applicants lived and whether they were in remote areas of the state.

Ms. Hedberg replied that the eligibility technicians processed applications in the order in which the applications were received and technicians were going to complete the backlog by the end of the month. She added that the department worked collaboratively with tribes and tribal organizations. Some of the organizations had approached the department and asked if there was a way for the organizations to support the interview process. The division accepted the offer and asked FNS for permission to accept help; however, it was determined that only state employees were permitted to conduct interviews. She shared that FNS had suggested that there could be a potential demonstration project in the future, which was communicated

with the tribal partners and the crafting of the project was in the preliminary stages.

Co-Chair Edgmon noted that he read the letter from FNS and thought it included some stern language, such as highlighting Alaska as the state with the highest error rates. He understood that if compliance was not attained in the near future, the state could be responsible for paying back some of the federal funding it had received. He had missed portions of the earlier conversation that Ms. Hedberg had with Representative Stapp regarding the potential consequences for incompliance and he asked if she could repeat her comments.

Ms. Hedberg responded that many states received advanced warning letters. She disagreed with some of the words used in the letter but it was not a surprise to receive the letter. The letter simply stated that Alaska was not in compliance with federal rules and it needed to begin interviews. There were weekly communications with FNS and the letter simply represented FNS "checking a box." The letter also stated that the federal funds could potentially be withheld as a consequence of incompliance. She stressed that FNS had never withheld funds from any state in the past, but it was an action that FNS could choose to take.

Co-Chair Edgmon commented that the technological advancements seemed exciting. He noted that in rural areas of the state, computer literacy was not widespread nor was owning a computer. He thought there was enormous opportunity and benefit but also some unanticipated challenges.

Ms. Hedberg replied that the SNAP application could be filled out using a cellphone and an individual did not need to own a computer. She referenced Co-Chair Edgmon's comment about Alaska's error rate and explained that the error rate was not related to interviews. There needed to be changes at the congressional level on the way in which the payment error rate was calculated in order to put Alaska on-par with the remainder of the nation. In addition, the state would have a high payment error rate until the first quarter of 2025 due to the method that FNS used to calculate the error rate. She noted that the high error rate was due to decisions that were made prior to her tenure at DOH and she would continue to work towards a solution. She reiterated that the error rate was not

related to the interviews and she was unsure why the connection was implied in the letter.

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Representative Galvin understood that the administration of SNAP was 50 percent federal and 50 percent state general funds and there was a threat of the federal government pulling the funding. She asked how much funding would be pulled.

Ms. Hedberg would follow up with the information.

Representative Galvin asked if there had been discussion about the way in which the legislature could better support the division.

Ms. Hedberg appreciated the comment. She added that FNS was required to send the letter and it had never withheld federal funds. She admitted that FNS could choose to withhold the funds, but the division had been proactive in its communication with FNS and she thought there was a workable solution.

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Representative Ortiz referred to slide 4 and asked why the FY 25 budget was less than the FY 24 budget.

Ms. Stern responded that the majority of the changes were due to reversals of federal COVID funding in addition to SBPP.

Representative Ortiz thought it was quite clear that the SNAP backlog had been an issue in the state for a long time. In the past, he heard more feedback about issues with the roads and the ferries from his constituents in Ketchikan, but he was now hearing more about SNAP than any other issue. He noted that his office had received excellent assistance from DOH's legislative liaison, Courtney Enright.

Representative Josephson asked for clarification that FNS told the division to restart the interviews and the response from the division was "no."

Ms. Hedberg replied that she had communicated to FNS that the backlog needed to be eliminated and staff needed to be retrained. She stressed that interviews were going to be restarted. She was committed to not creating a new backlog, which was why the timing of the interviews was a point of discussion.

Representative Josephson noted that overpayments were highlighted as being at-risk in the letter. He asked if his understanding was correct.

Ms. Hedberg noted that the purpose of an interview was to verify the information in the SNAP application. The division also had tools to verify the financial status of applicants and ensure that each applicant received the correct benefit. The reference in the letter to overpayment was due to a concern that too much money would be allocated. There was a small threshold of overpayment in policy, which was typical for all states. The division was not seeing a high amount of overpayments.

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Representative Josephson remarked that he might have been raised to be too compliant, but he preferred to adhere to the requirements from the federal government. He viewed Alaska as a partner in the federal program and he thought the state should follow instructions.

Representative Coulombe asked for clarification on why the federal government insisted upon an interview in addition to the application. She asked what information could be uncovered in person that could not be verified from the application.

Ms. Hedberg replied that the minimum requirements for a SNAP application were name, address, and phone number. There were many paper applications that were missing important information and it was the responsibility of the eligibility technicians to help the applicant. There were some elements that were required on the online application that could get missed on the paper application. She thought it was important to train staff on how to conduct better interviews and the process needed to be revisited to ensure that the interviews were both efficient and effective.

Co-Chair Johnson wanted to remind the committee that the next section of the presentation was about Medicaid.

Representative Coulombe asked if the interviews could be conducted remotely.

Ms. Hedberg responded that interviews could be conducted in person or over the phone.

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Ms. Stern continued on slide 7 and detailed the budget for Medicaid services. The department was anticipating an FY 25 budget of about \$2.5 billion. Medicaid was one of the top three budget drivers in the state, along with the Permanent Fund Dividend (PFD) and the Base Student Allocation (BSA). In order to draw about \$1.8 billion in federal funding, the state leveraged about \$704 million in state general funds. The budget had slightly increased since FY 24 due to the second year of Medicaid post-partum services, which was passed in the prior year through SB 58.

EMILY RICCI, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH, continued on slide 8 to discuss Medicaid redeterminations. As part of the federal government's response to COVID-19, states were provided with an enhanced federal match at about 6.2 percent and required that states provide continuous eligibility for individuals enrolled in Medicaid. She explained that during this time, there was no annual review for individuals enrolled in Medicaid, which was the typical practice prior to the pandemic. States were not allowed to disenroll individuals from Medicaid except for in extremely specific cases.

Ms. Ricci explained that the program suspending eligibility reviews ended in March of 2023 and the associated enhanced federal match of 6.2 percent was reduced, requiring states to redetermine Medicaid eligibility for all individuals within the program. She relayed that states had never been faced with such a challenge before. In addition, the division that processed Medicaid eligibility was DPA, which was already struggling in other areas. She shared that the department was about ten months into the redetermination process and it had initiated over 140,000 redeterminations thus far, which amounted for over half of the workload. The department also renegotiated with CMS to request additional time for redeterminations. The department was able to

negotiate the time period for it to complete redeterminations from 12 months to 18 months.

Ms. Ricci continued that the department had also implemented new mitigation strategies for redeterminations, which were all listed on the department's website. One of the new mitigation strategies was allowing the initiation of a Medicaid renewal at the same time as a SNAP determination was being made. While DPA was working through the SNAP backlog, eligibility technicians were able to initiate Medicaid redeterminations simultaneously. The department's website also included new data dashboards to share the process of Medicaid redeterminations. The department had initiated about 90,000 redeterminations through a new automated system. The remainder of the redeterminations had been initiated through the use of the mitigation strategy allowing SNAP and Medicaid to be reviewed simultaneously.

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Ms. Ricci noted that another item that helped the department advance was the ability to text applicants about things like missing documents. In her discussions with other state Medicaid directors, she found that there was not a single state that was not feeling the pressure of Medicaid redeterminations. She thought that although the system changes and process changes were difficult in the current moment, the changes would result in a better process in the long term.

Ms. Ricci noted that one of the new systems was called the Ex Parte or the Automated process, which leveraged information from a variety of databases to discover if an individual's eligibility could be determined automatically and prevent additional paperwork. Currently, about 25 percent of applications were being completed through the Ex Parte process. She explained that like any new process, there were some bumps that needed to be worked out along the way. In the fall of 2023, CMS discovered that there was a higher than anticipated percentage of procedural disenrollments occurring across the nation. There were over 23 states that identified an error in the procedural disenrollment system, including Alaska. In response, procedural disenrollments were paused and DPA reexamined all of the cases in the state that had potentially been impacted. The state was working with new partners to help

it address the error in the system and determine if there was a way to increase the number of individuals who were being automatically renewed. The changes would likely be rolled out within the next six months. The division was continuing to process redeterminations, but disenrollment was being suspended until the error could be fixed.

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Representative Galvin referred to slide 7 and asked for more information about the increase in "other" funds from the FY 23 actuals to the FY 24 management plan. She also requested more information about the automated process that had been put into place. She had heard from families that accessing the online resources was difficult due to weak broadband and there were many families who struggled with language barriers.

Ms. Stern responded that the "other" category consisted primarily of statutory designated program receipts and agency receipts, which were tied to the reimbursable service agreements with other agencies in addition to reclaiming fees for providing emergency medical transport. The FY 24 management plan provided the department with the authority to collect the funds, but it did not necessarily mean that the department would actually collect the funds.

Ms. Ricci added that the department worked closely with its tribal health partners in order to improve broadband access. The partnership allowed the department to share information about individuals who might need to return a form in order to complete their redeterminations. The strategy would ensure that tribal health partners were able to see which members would be most impacted on a monthly basis. Additionally, Medicaid redetermination materials were available online in multiple languages as well as a language line that individuals could call to receive help with language-related issues.

Representative Galvin clarified that she was mostly referring to individuals near Anchorage who were having difficulty with reliable broadband. Many people who she had heard from were immigrants and would not necessarily be working with a tribal organization. She thought it was important to be mindful of the issue.

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Ms. Ricci continued on slide 9 which included a depiction of the number of renewals that had been initiated through December of 2023. The slide also showed the scheduled redeterminations through September of 2024. The scheduled redeterminations were aspirational in the sense that the allowance of additional time gave the department the flexibility to help manage its staff and manage the volume of redeterminations. She expected that the numbers would change once the actual number of redeterminations had been initiated.

Ms. Stern continued on slide 10 and detailed the budget for the Division of Healthcare Services (DHS). For FY 25, the governor's proposed budget was \$23.6 million in total funds, which was a slight increase of about \$1 million from FY 24 that was mainly due to the union negotiated salary increases.

Ms. Ricci remarked that DHS was the "heart" of the Medicaid program and the division performed a number of activities that were essential to Medicaid. She noted that DHS had a small team and a relatively small budget. She continued to slide 11 and relayed that one of the other areas of focus for DHS was how to spend the general fund dollars as effectively as possible. She highlighted the tribal reclaiming general fund savings listed on the slide, which was made available to states beginning in FY 17. The division was able to increase the tribal reclaiming general fund savings from \$34 million in FY 17 to \$124.5 million in savings in FY 23. The type of savings seen on the slide helped mitigate the amount of general fund dollars that were paying into the Medicaid program to support an increase in Medicaid recipients.

Ms. Ricci continued that another area in which DHS was focused was related to the increased savings in pharmacy cost and drug rebate recoveries. There was a total of over \$700 million in drug rebate recoveries had been secured by DHS over the past six years. Combined with the over \$500 million in savings for tribal reclaiming, the division had secured over \$1 billion in savings since FY 17.

Representative Ortiz asked how the pharmacy rebate process worked. He asked who was receiving the rebates.

Ms. Ricci responded that the pharmacy rebate system was highly complex but she could offer a high level overview of the process. In general, a pharmacy rebate could be considered controversial, but in the context of a Medicaid rebate it was less controversial because it allowed the state to leverage additional funds from the pharmaceutical companies in alignment with the federal government based on the prescription of different types of medication. Additionally, there was a preferred drug list which allowed for more opportunities for rebates that were available from the pharmaceutical manufacturers and would be distributed to states and to the federal government.

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Representative Hannan asked for more details on tribal reclaiming. She assumed that tribal citizens from other states might not be covered under Alaska's tribal health partners. She asked if there was reclaiming for other dependents of federal programs such as for military dependents who received services through state Medicaid.

Ms. Ricci responded that tribal reclaiming described the process under which the state could receive 100 percent federal funding for services provided to individuals who were tribal members and were receiving services either directly through a tribal health organization, or through another entity that had not established a documentable care agreement. The process began in 2016 and was still considered relatively new. She was not certain if individuals from other states would be covered and she would follow up with Representative Hannan with the information.

Ms. Ricci noted that one of the reasons there was an increase in tribal reclaiming as noted on slide 11 was because DHS was always looking to identify areas in which individuals were receiving services that could be eligible for 100 percent federal funds, but there might not be an established care agreement. For example, there had been some individuals with high-cost and intensive needs who had sought care outside of the state. She relayed that DHS had established an agreement that would allow individuals receiving care outside of the state to receive 100 percent federal funding. She explained that DHS had other methods for savings not included in the presentation, such as fair party liability payments, which involved DHS examining

whether there were individuals who would be eligible for other primary health insurances that would typically pay before Medicaid.

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Representative Stapp thanked the department for its dedication to progress. He asked if the department could discuss the progress of the Office of Health Savings (OHS).

Ms. Ricci acknowledged that the presentation had been less focused on the upcoming reduction in federal funds. The department had engaged Evergreen Economics to work on the state's Medicaid forecast, which showed the projected effects of the reduction in federal funding on the Medicaid program. She relayed that the goal was for the department to be forward-thinking and everyone agreed that more money should be spent on primary care. She noted that it was also important to leverage the existing opportunities that the department already had and find more opportunities to bring money back to the state. The OHS was focused on how existing savings could be expanded upon and on ensuring that current spending would contribute to future goals.

Representative Josephson recalled that over one-third of Alaskans were on Medicaid during the pandemic. He asked whether the department considered the impacts of disenrolling individuals from Medicaid during the redetermination process.

Ms. Ricci responded that the department had dedicated a significant amount of time to trying to determine what redeterminations would look like for Alaskans. She relayed that there was a natural churn in Medicaid enrollments. There were a number of individuals who were disenrolled in the summer of 2023 that were currently reenrolling into the program, and the benefits were provided retroactively to the time at which the individuals were first disenrolled. The impacts were yet to be determined because many individuals who had been disenrolled for a variety of reasons were being retroactively reenrolled. The department was monitoring how many individuals who were retroactively reenrolled had used Medicaid services and how many had not used the services. There could be many individuals who were no longer eligible for Medicaid; however, the ineligible individuals were not necessarily using Medicaid services.

Anecdotally, individuals who had not reenrolled had a much lower level of spending than those who had reenrolled.

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Co-Chair Johnson asked for more information about the cyberattack and how it had impacted the department.

Ms. Hedberg replied that fortunately, she had not had to think about the cyberattack for a long period of time. When she started working at the department in November of 2022, the cyberattack was a major focus. The IT staff had a matrix of the systems that needed to come back online in the aftermath of the attack and all systems had since come back online. There was still some cleanup to do, but the major impacts of the attack were no longer present.

Co-Chair Johnson noted that the department was also willing to take questions outside of the meeting.

Representative Stapp asked for more information about the Medicaid redetermination process. He asked for confirmation that individuals who were disenrolled from Medicaid would be pointed towards other health care resources.

Ms. Ricci replied that it was difficult to discern how many individuals had disenrolled permanently because there was a period of time during which individuals could reenroll and retroactively receive services. The data was constantly changing. When an individual was disenrolled, the individual was automatically transferred to the Federally Facilitated Marketplace (FFM) and could receive coverage through the marketplace. There were also a number of individuals who had moved out of the state or had other employer-sponsored health insurance.

Representative Stapp asked if the disenrolled individual would automatically have a qualifying event for open enrollment and would therefore not experience a lapse in coverage.

Ms. Ricci responded in the affirmative.

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Representative Galvin asked what the state was doing to ensure that there were enough care givers in the state and

that there was sufficient access to health care. She had heard that the vacancy rate in the public health sector was very high. She asked what was being done to ensure that qualified health care professionals were being recruited and retained.

Ms. Hedberg replied that there was a program called the Strengthening Healthcare Access Recruitment Program (SHARP) that supported the health care workforce and the recruitment and retention of health care workers. She explained that SHARP had a number of contracts with health care providers across the state. She noted that the department had seen a lot of success and utilized many different recruitment and retention strategies. She could follow up with more detailed information about the strategies.

Representative Galvin commented that she would appreciate a follow up and would also like more information about the particular strategies utilized to recruit and retain public health nurses.

Representative Tomaszewski thanked the department for its work. He asked if there were any individuals who were not citizens of the U.S. who were collecting Medicaid benefits.

Ms. Ricci responded that she could follow up with the specific eligibility requirements. She noted that proof of citizenship was part of the Medicaid application process.

Representative Tomaszewski asked if there was a way for non-citizens to be in the Medicaid system.

Ms. Ricci responded that she could follow up with specific details. She thought that there were ways for individuals who had lived in the U.S. for a certain period of time and had a particular status to apply. She reiterated that she would follow up to ensure that she was not giving incorrect information.

HB 268 was HEARD and HELD in committee for further consideration.

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Co-Chair Johnson reviewed the agenda for the following day's meeting.

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ADJOURNMENT

3:02:49 PM

The meeting was adjourned at 3:02 p.m.