

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 11, 2023

3:02 p.m.

MEMBERS PRESENT

Representative Mike Prax, Chair
Representative Justin Ruffridge, Vice Chair
Representative CJ McCormick
Representative Dan Saddler
Representative Jesse Sumner
Representative Genevieve Mina

MEMBERS ABSENT

Representative Zack Fields

COMMITTEE CALENDAR

HOUSE BILL NO. 47

"An Act relating to insurance; relating to direct health care agreements; and relating to unfair trade practices."

- MOVED HB 47 OUT OF COMMITTEE

HOUSE BILL NO. 56

"An Act exempting controlled substances prescribed or dispensed by a veterinarian to treat an animal from the requirements of the controlled substance prescription database."

- MOVED HB 56 OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 16

"An Act requiring the state medical assistance program to provide certain services; relating to cost containment measures for the state medical assistance program; relating to payment for adult dental services; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 47

SHORT TITLE: DIRECT HEALTH AGREEMENT: NOT INSURANCE

SPONSOR(S): REPRESENTATIVE(S) MCCABE

01/25/23 (H) READ THE FIRST TIME - REFERRALS
01/25/23 (H) HSS, L&C
02/18/23 (H) HSS AT 3:00 PM DAVIS 106
02/18/23 (H) -- MEETING CANCELED --
02/28/23 (H) HSS AT 3:00 PM DAVIS 106
02/28/23 (H) Heard & Held
02/28/23 (H) MINUTE (HSS)
03/11/23 (H) HSS AT 3:00 PM DAVIS 106

BILL: HB 56

SHORT TITLE: CONTROLLED SUB. DATA: EXEMPT ANIMAL RX
SPONSOR (s): REPRESENTATIVE (s) RUFFRIDGE

02/03/23 (H) READ THE FIRST TIME - REFERRALS
02/03/23 (H) HSS, L&C
02/18/23 (H) HSS AT 3:00 PM DAVIS 106
02/18/23 (H) -- MEETING CANCELED --
03/02/23 (H) HSS AT 3:00 PM DAVIS 106
03/02/23 (H) Heard & Held
03/02/23 (H) MINUTE (HSS)
03/11/23 (H) HSS AT 3:00 PM DAVIS 106

BILL: HB 16

SHORT TITLE: MEDICAID OPTIONAL SVCS & COST CONTAINMENT
SPONSOR (s): REPRESENTATIVE (s) JOSEPHSON

01/19/23 (H) PREFILE RELEASED 1/9/23
01/19/23 (H) READ THE FIRST TIME - REFERRALS
01/19/23 (H) HSS, FIN
03/08/23 (H) SPONSOR SUBSTITUTE INTRODUCED
03/08/23 (H) READ THE FIRST TIME - REFERRALS
03/08/23 (H) HSS, FIN
03/11/23 (H) HSS AT 3:00 PM DAVIS 106

WITNESS REGISTER

REPRESENTATIVE KEVIN MCCABE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, presented HB 47.

BUDDY WHITT, Staff
Representative Kevin McCabe
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 47, on behalf of Representative McCabe, prime sponsor.

PETER DIEMER, Lawyer
Clayton and Diemer, LLC
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 47.

WADE ERICKSON, MD
Capstone Family Medicine
Wasilla, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 47.

KRYSTAL TODD, Veterinarian Technician
North Pole Veterinarian Hospital
North Pole, Alaska

POSITION STATEMENT: Testified in support of HB 56.

MERCEDES PINTO, DVM, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 56.

KATRINA BACKUS, DVM, Medical Director
North Pole Veterinarian Hospital
North Pole, Alaska

POSITION STATEMENT: Testified in support of HB 56.

GABRIEL SASSOON, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 56.

SYLVAN ROBB, Director,
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community, and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 56.

RACHEL BERNGARTT, DVM
Board of Veterinary Examiners
Division of Corporations, Business, and Professional Licensing
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding HB 56.

REPRESENTATIVE ANDY JOSEPHSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, presented SSHB 16.

ACTION NARRATIVE

[3:02:04 PM](#)

CHAIR MIKE PRAX called the House Health and Social Services Standing Committee meeting to order at 3:02 p.m. Representatives Ruffridge, McCormick, Saddler, Sumner, Mina and Prax were present at the call to order.

HB 47-DIRECT HEALTH AGREEMENT: NOT INSURANCE

[3:04:03 PM](#)

CHAIR PRAX announced that the first order of business would be HOUSE BILL NO. 47, "An Act relating to insurance; relating to direct health care agreements; and relating to unfair trade practices."

[3:04:47 PM](#)

REPRESENTATIVE KEVIN MCCABE, Alaska State Legislature, as prime sponsor, presented HB 47. He read the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

House Bill 47 establishes guidelines for direct health care agreements between medical providers and patients. Direct Health Care (DHC) is a subscription for health care services in which patients or employers pay primary care providers a flat, simple periodic fee in exchange for access to a clearly established broad range of health care services.

DHC removes some of the financial barriers patients encounter in accessing routine primary care, including preventive, wellness, and chronic care services. With a DHC plan, health care providers aren't burdened with time-consuming insurance paperwork, leaving more time to spend with patients. Under DHC agreements (there are currently over 1,400 direct primary care practices in 48 states), patients typically get same day access or next day visits and the option to call or text their clinic 24/7.

Health outcomes for patients improve under direct health as there is a focus on routine and preventative health care. Patients also feel less restrained from interacting with their provider and typically seek care before their symptoms become serious.

House Bill 47 clearly spells out the elements of a DHC agreement and emphasizes consumer protections against discriminatory practices. Further, the bill clearly defines that Direct Health Care agreements are not insurance. They do, however, lower the hurdles to access for many Alaskans.

Alaskans spend more on health care per capita than any other state in the union. At a time when many Alaskans fear the uncertainties of the economy, pandemic, and global instability, direct health care agreements can provide an option for quality healthcare at an affordable rate.

Please join me in supporting this health care option for Alaskans.

[3:06:18 PM](#)

CHAIR PRAX opened public testimony on HB 47. After ascertaining there was no one who wished to testify, he closed public testimony.

[3:07:05 PM](#)

REPRESENTATIVE SADDLER directed attention to language on page 2, line 13, regarding complaints from a patient or representative of a patient, and he pointed out that this is the only instance where just the patient alone was referenced; all other references referred only to representative of a patient. He inquired whether the language was deliberately omitted in this one instance.

[3:07:57 PM](#)

BUDDY WHITT, Staff, Representative Kevin McCabe, Alaska State Legislature, on behalf of Representative McCabe, prime sponsor of HB 47, referred to page 1, lines 5-11 of the proposed legislation, as this addresses direct health care agreements as something that a patient, or someone on behalf of the patient, can enter into. He said that language on page 2, line 19, directs what these health care agreements must include. He said

the issue might be in the drafting, and how the law works, as someone may enter into a direct health care agreement on behalf of the patient, with the rights of the patient focused on in the mechanism of the agreement itself. He requested that Peter Diemer further elaborate.

[3:09:33 PM](#)

PETER DIEMER, Lawyer, Clayton and Diemer, LLC, concurred with the explanation. He listed subsection (b), paragraphs (2) through (5) as using different terms. He concurred with the Legislative Legal Service's methodology, as it fits in the framework, and the language allows a complaint to be brought forward by either the patient or the patient's representative.

[3:10:38 PM](#)

REPRESENTATIVE SADDLER asked about language allowing providers to charge for services that are not part of the periodic fee. He offered his understanding that should a health care agreement be terminated under HB 47, the one who initiated the termination would have to pay a prorated cost of the monthly service fee, as well as additional fees for services not included. He further offered the understanding that direct health care agreements would cover all services. He asked whether a person would be obligated to pay any fees on services outside of the agreement.

MR. WHITT answered that a direct health care agreement would charge a fee for a specified number of services. He said there could be services provided by a health care provider that are outside of what is included in the set fee. He invited other speakers to address the health care model.

[3:12:26 PM](#)

MR. DIEMER responded that, within the framework of the legislation, there would be a requirement that all the services included in the periodic fee must be stated within the agreement. He said this ensures the patient knows the scope of the services to be received for the periodic fee. He added that on the occasion where the medical service required falls outside of the agreement's scope, it would be considered a traditional fee for service.

[3:13:26 PM](#)

WADE ERICKSON, MD, Capstone Family Medicine, explained that the agreements would be written in such a way to include laboratory services to a certain amount, and if the patient requires more specialty services not available in the clinic itself, then these would be billed to a laboratory company and passed through to the patient.

[3:14:59 PM](#)

REPRESENTATIVE MINA asked for an outline of the cost-saving aspects of the bill.

REPRESENTATIVE MCCABE posed the following hypothetical: a person wants to pay for [the continuation of health coverage] through the Consolidated Omnibus Budget Reconciliation Act (COBRA), where COBRA family services would cost more than \$1,000 a month. He opined that with a direct health care agreement, this person could establish an agreement with a medical clinic at a rate of \$100 a month, covering everything in the agreement. He suggested the savings would be immense for a person who lost their job, or a younger person who cannot afford medical care.

[3:18:25 PM](#)

DR. ERICKSON added that the direct health care payment model allows for access to primary care in the Lower 48, as well as dental and optometry, at a reasonable monthly rate. He said that, while it is not insurance, it is another method of payment for certain services; it is recommended that people still apply for insurance or catastrophic plans, on top of the direct plan. He said the savings to the health care would be through heightened access to primary care, and costs would be decreased in light of the decreased severity of disease, as it may be discovered sooner.

REPRESENTATIVE MINA questioned how many providers would be interested in pursuing such agreements.

[3:21:30 PM](#)

REPRESENTATIVE MCCABE responded that he has spoken to three different providers who are interested.

DR. ERICKSON explained that anytime there is an additional option for patients to pay for services, there will be an uptick, and each practice will determine what its capabilities are. He suggested that some are already making these agreements

"under the radar;" therefore, the proposed legislation would allow providers who have not been doing this to offer a similar service. He stated that this payment model would allow physicians or practitioners to skirt standard fee-for-service administrative burdens.

REPRESENTATIVE MCCABE offered his understanding that as of 2020, 1,969 practices in 48 states are doing direct primary care, with physicians or groups of physicians owning all these practices. Furthermore, 32 states had legislation like HB 47 in 2020, with 12 pending.

[3:25:16 PM](#)

REPRESENTATIVE RUFFRIDGE read page 4, line 25, of the proposed legislation, which read as follows:

"health care business" means a business licensed by the state that is 25 entirely owned by health care providers;

REPRESENTATIVE RUFFRIDGE asked whether this would be limiting to the state, as not all health care businesses are owned by health care providers.

MR. DIEMER answered that the definition of health care business was intentional, as it is designed to be for businesses completely owned by health care providers and is accusatory to any type of business ownership structure. He said the definition ensures that health care businesses that offer direct health care agreements and are owned by licensed health care providers would be subject to the state's professional licensing and board regulations. He explained that this adds a layer of patient protection because all the providers are subject to such regulations.

REPRESENTATIVE RUFFRIDGE shared that in his district many clinics were small and operated by a couple of individuals; however, over time a larger hospital system acquired the clinics. He asked whether a hospital system that owns separate clinics operating primary care would be prohibited from offering a direct health care agreement.

MR. DIEMER responded that the answer depends on the ownership structure of the hospital. He said that some hospitals are physician owned, while some are operated by nonprofit

corporations and do not have a physician-ownership structure that would meet the proposed definition.

[3:29:45 PM](#)

MR. WHITT directed attention to page 4, line 28 of the proposed legislation, which gives the definition of "health care provider" in AS 21.07.250, as follows:

(6) "health care provider" means a person licensed in this state or another state of the United States to provide medical care services;

MR. WHITT said that medical care services are not limited just to a doctor, as someone who is licensed to provide medical care services is considered the medical care provider and would be able to enter into agreements.

[3:30:43 PM](#)

REPRESENTATIVE SUMNER asked whether the term "person" in this context would include corporate personhood.

[3:31:05 PM](#)

CHAIR PRAX added to the question by posing a hypothetical in which individuals not licensed as health care providers form a corporation or a partnership but employing a licensed health care provider. He asked whether the bill would allow this situation.

[3:31:50 PM](#)

REPRESENTATIVE MCCABE answered that the language was put in place as patient protection. He said a concern was raised at a previous meeting that businesses, as they grow and become moneymaking businesses, would be taken over by big health care consortiums. He stated that HB 47 would seek to return to the physician-patient relationship rather than "corporate medicine." He surmised that the language was added into the proposed bill for this reason.

[3:33:39 PM](#)

CHAIR PRAX offered his view that the language opens the door to more providers, and if it is not opening the door wide enough, the language can be fixed later.

[3:33:53 PM](#)

REPRESENTATIVE SADDLER sought confirmation that the bill would allow the patient or the provider to cancel an existing health care agreement on a no-fault basis.

[3:34:19 PM](#)

REPRESENTATIVE MCCABE responded in the affirmative and asked Mr. Diemer to explain.

[3:34:43 PM](#)

MR. DIEMER confirmed that Representative Saddler is correct, in that either party can terminate the agreement with the appropriate notice. Regarding the composition of a health care business, he said it is restricted to natural persons who are licensed health care providers.

REPRESENTATIVE SADDLER asked about the suggestion that it is possible to have a direct care service agreement, as well as catastrophic medical insurance. He asked how many providers are likely to have patients who are dually insured.

DR. ERICKSON responded that the majority of those in the Lower 48 are doing health care this way, where there is a big plan on top and a direct health plan underneath.

[3:36:58 PM](#)

REPRESENTATIVE MINA asked what the status would be of catastrophic care in Alaska if the state were to implement a direct health care model.

REPRESENTATIVE MCCABE answered that he has a neighbor who has a catastrophic policy and is interested in [direct health care] plans because he recognizes that he does not have any health coverage.

[3:38:10 PM](#)

MR. WHITT pointed to a study by the John Locke Foundation [included in the committee packet] regarding direct primary care. He stated that the study relates to implementation and results [of direct health care] in North Carolina. He conveyed the study's findings regarding an average direct primary care

agreement, as follows: 55 percent are those that have one chronic disease and substantial insurance coverage and are on a direct care agreement and 44 percent are considered low risk and have a care agreement as a supplement to their current insurance. He referenced the Primary Institute of Public Policy Research, which covers research on direct health care agreements. He stated that it has found that those most impacted by direct health care agreements are low-income working families.

REPRESENTATIVE MINA asked whether the implementation of direct health care agreements in other states has changed the rate of people shifting from the individual market to these agreements.

MR. WHITT responded that he has not seen any indication that there has been full-scale movement from the individual market to direct health care agreements. He said that data suggests that such agreements are made as add-ons to existing insurance policies.

REPRESENTATIVE MINA commented that, as a benefit of an agreement, the contract incentivizes consumers to have more access to a provider. She asked for a comparison between those who have agreements and do annual visits with those who use a traditional fee-for-service model.

[3:43:37 PM](#)

DR. ERICKSON explained that in the Lower 48 the impetus is on the provider to have the patients be seen as quickly as possible for an evaluation, as this would get the person assessed early in the contract. He pointed out that direct primary care providers in the Lower 48 reach out proactively so that patients would visit sooner and start their care.

[3:45:56 PM](#)

MR. DIEMER said that deductibles in insurance are designed to be implemented to reduce consumption; direct health care is the opposite, as it is designed to decrease consumption of health care for a fixed cost, while increasing access. He explained that those who have a high deductible insurance plan would benefit from these agreements, as a host of services can be provided to families at a price not even close to the deductible. Furthermore, in the event of a catastrophic injury, people would then have catastrophic insurance in place. He said that insurers embrace the model because it improves access and

results in a healthier patient population, thereby reducing claims. He elaborated that the patient benefits from health care access at a fixed fee for a defined scope rather than a fee-for-service with the uncertainty of cost.

[3:48:40 PM](#)

CHAIR PRAX opined that the bill would correct the misconception of insurance, in that, insurance is financial protection, and since people are choosing lower and lower deductibles, it becomes prepaid medical; therefore, driving up the cost of medical care because of the extra paperwork. He said that the health insurance contracts separate that, making insurance return to being financial protection, and the contract becomes a lower way to provide the same level of medical service.

[3:49:45 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 47 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 47 was reported out of the House Health and Social Services Standing Committee.

[3:50:24 PM](#)

The committee took an at-ease from 3:50 p.m. to 3:53 p.m.

HB 56-CONTROLLED SUB. DATA: EXEMPT ANIMAL RX

[3:53:57 PM](#)

CHAIR PRAX announced that the next order of business would be HOUSE BILL NO. 56, "An Act exempting controlled substances prescribed or dispensed by a veterinarian to treat an animal from the requirements of the controlled substance prescription database."

[3:54:49 PM](#)

REPRESENTATIVE RUFFRIDGE, as prime sponsor, spoke to HB 56. He stated that the proposed legislation would exempt veterinarians from the Prescription Drug Monitoring Program (PDMP). He reasoned that veterinarians who participate in this program cause privacy concerns. He explained that veterinarians do not deal with human medicine and are not trained under the Health Insurance Portability and Accountability Act (HIPAA). He also pointed out that veterinarians should be exempt because the

program is cumbersome to use, and they rarely dispense the controlled substances the program was created to control. He pointed out that even though they are not dispensing these drugs, veterinarians are required to report to the program daily.

[3:56:22 PM](#)

[Public testimony on HB 56 was opened.]

[3:57:05 PM](#)

KRYSTAL TODD, Veterinarian Technician, North Pole Veterinarian Hospital, provided testimony in support of HB 56. She explained that many requirements for PDMP do not work for veterinarians, such as the daily reporting. She described the busy schedule at the hospital and stated that as a lead surgery technician, after 10 surgeries a day, she has to do this reporting, which "does not help the human side of the PDMP." She argued that often there is no way to know the association of the human who brought the pet to the hospital. She expressed the opinion that it does not make sense to track [human] personal information for [animal] patients being treated.

[3:59:07 PM](#)

MERCEDES PINTO, DVM, representing self, provided testimony in support of HB 56. As a shelter veterinarian, she stated that it is "impossible ... to meet requirements" of PDMP. She gave the example of a dog dropped off in a kennel during the night, along with three pills left in a bottle and a note advising that the dog has seizures, and it is not wanted back. She explained that a refill would be needed, but there is no paperwork, so it is impossible for the veterinarian to find the information on PDMP. In another example, she stated that she provides medical support during sled dog races. In the case where she has a patient on the scene who needs a controlled drug, she would most likely be off the grid and could not look up the required information. She continued that often the owner of the dog is not there; therefore, she does not know the individual to track on PDMP to access the medication.

[4:02:23 PM](#)

KATRINA BACKUS, DVM, Medical Director, North Pole Veterinarian Hospital, provided testimony in support of HB 56. She said that most states have determined that veterinarians are exempt from

the PDMP because "there really isn't a way for us to query the people associated with pets with these drugs." She noted that veterinarians do not prescribe the types of drugs abused by humans. She stated that she has no business inquiring as to what medications her clients use and why, as the medications she prescribes are for the pet.

[4:05:00 PM](#)

GABRIEL SASSOON, representing self, provided invited testimony in support of HB 56. He shared that he is the owner of a law firm in Southeast Alaska, and during his time in law school, he was diagnosed with an ocular condition that renders a person blind within two years. He said that his treatment leaves him with chronic pain that is managed by a physician through a "pain contract." He argued that his pet's treatment with pain medication could be delayed because of his own pain treatment. He expressed difficulty understanding this, especially when the veterinarian is not monitoring his care. He suggested that the goals of PDMP are not executed efficiently in the context of what the program currently obligates veterinarians to do. He asked that veterinarians not be subject to PDMP.

[4:09:04 PM](#)

CHAIR PRAX, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 56.

[4:09:26 PM](#)

REPRESENTATIVE SADDLER asked how often there are investigations of veterinarians related to PDMP issues.

SYLVAN ROBB, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community, and Economic Development answered that she does not have the exact number but offered to follow up regarding the frequency. She shared that there are fewer than 15 investigations but said she does not know how many are related to PDMP.

[4:11:34 PM](#)

RACHEL BERNGARTT, DVM, Board of Veterinary Examiners, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development said the amount of PDMP investigations have been variable. She explained that starting in about 2018 there was a large increase

in investigations, but it was determined that these were not because of veterinary impropriety. She expressed the understanding that some investigation reports have been created, despite the veterinarian doing nothing wrong. She said such investigations have declined because of filtering system improvements. She stated that as of February there are no pending investigations into veterinary drug misuse.

[4:13:42 PM](#)

REPRESENTATIVE MINA commented that she appreciates the work veterinarians and others have done related to HB 56.

[4:14:22 PM](#)

REPRESENTATIVE SUMNER moved to report HB 56 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 56 was reported out of the House Health and Social Services Standing Committee.

[4:14:56 PM](#)

The committee took an at-ease from 4:14 p.m. to 4:17 p.m.

HB 16-MEDICAID OPTIONAL SVCS & COST CONTAINMENT

[4:17:28 PM](#)

CHAIR PRAX announced that the final order of business would be the SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 16 "An Act requiring the state medical assistance program to provide certain services; relating to cost containment measures for the state medical assistance program; relating to payment for adult dental services; and providing for an effective date."

[4:18:02 PM](#)

REPRESENTATIVE ANDY JOSEPHSON, Alaska State Legislature, as prime sponsor of SSHB 16, paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

Medicaid offers a myriad of optional services, many of which Alaska chooses to offer to program recipients in our state. As listed in AS 47.07.030(b), these services cover a wide variety of health care needs, whether preventative (e.g. nutrition services for

pregnant women, clinic services, and low-dose mammography screening), chronic (e.g. long-term care and hospice care), or emergent (e.g. emergency hospital services), or combinations thereof. Alaska also chooses to cover dental services, both preventative and restorative, for eligible adults.

In June of 2019, all funds appropriated towards adult dental Medicaid benefits were vetoed days prior to the beginning of the new fiscal year. This forced numerous program recipients to cease treatment, leaving multiple Alaskans who were in the process of receiving dentures literally toothless. Ultimately, reinstated funding ensured that this program would continue, but not until months after the initial veto.

HB 16 aims to prevent such uncertainty to program recipients in the future. This bill ensures that the listed services in AS 47.07.030(b) would be maintained in future years and not be subject to similar future cuts. Please join me in maintaining coverage for these individuals by supporting HB 16.

[4:28:39 PM](#)

REPRESENTATIVE JOSEPHSON gave the PowerPoint presentation, titled "House Bill 16" [hard copy included in the committee packet]. On slide 2, he showed a graph of Alaska Medicaid funding from fiscal year 2012 (FY 12) to (FY 21) and pointed out that there was an increase in FY 15. He moved to slide 3 to present a list of mandatory and optional Medicaid services. He said the bill would add two services, and this would cost \$35 million. He moved to slide 4 and showed a table that lists Medicaid optional services by state. The table indicates the services each state has selected, and he indicated that the red denotes rejected services. He pointed out that Maine and Wisconsin are more generous with the services selected. He moved to slide 5 to explain Medicaid eligibility in Alaska. On slide 6, he explained that optional services have already been a target for cost-cutting measures, and he referred to an action by the governor to remove adult dental services, which was rejected by the legislature.

REPRESENTATIVE JOSEPHSON showed slide 7, which listed intended Medicaid cuts in 2020. He expressed the opinion that the administration would need flexibility; therefore, nothing in the proposed legislation would stop cost-containing measures. He

informed members that he would have to confirm whether the \$102 million total was the governor's goal in FY 20. He moved to slide 9 and explained that the legislature had weighed many options, while slide 10 depicted a graph of annual Medicaid funding and the governor's proposed reductions. He advanced to slide 13 to explain Maine's Medicaid law. He said slide 14 provides a breakdown of the states that have, in one form or another, a required check in order to modify a state's plan. He concluded on slide 15 and expressed eagerness to see the proposed bill move to the next committee, because in some states the governor alone can make significant changes.

[4:38:32 PM](#)

REPRESENTATIVE MINA shared that she has spoken with residents who voiced that adult dental should be a necessary part of primary care and not just an optional service. She offered the understanding that amendments to the state's Medicaid plan must be subject to legislative approval, and this is why there is a proposed bill to allow post-partum treatment under Medicaid. She questioned which [parts of the Medicaid plan] are currently subject to legislative approval.

REPRESENTATIVE JOSEPHSON expressed the opinion that the question highlights the point that there is a need for authority; otherwise, the governor would have filed a bill. He expressed uncertainty concerning why the governor removed adult dental [services from the Medicaid plan] without filing a bill requesting it. He further elaborated that little in the Medicaid program is subject to legislative authority, and he relayed that AS 47.07 provides that the department "may" offer the following optional services.

REPRESENTATIVE MINA asked what else is subject to legislative approval besides optional services.

REPRESENTATIVE JOSEPHSON answered that cost-containment measures in AS 47.07.036 are also at the administration's discretion. He referred to slide 6 of the presentation regarding cost-cutting measures and said that the governor made the changes so he could reach the \$102 million; however, the legislature rejected this action. He read from AS 47.07.036, which read as follows:

If the department finds that the costs of medical assistance for all persons eligible under this chapter will exceed the amount allocated in the state budget for a fiscal year, the department may implement cost

containment measures to reduce anticipated program costs

[4:44:47 PM](#)

REPRESENTATIVE SUMNER asked what the effect would be if there was a reduction in Medicaid funding. He opined that if the department "shall" instead of "may" do optional services, and it did not have the funding, it would have to cut some fraction of all services, rather than selectively.

REPRESENTATIVE JOSEPHSON responded that the administration was going to the Centers for Medicare and Medicaid Services (CMS) to cut adult dental service. He explained that the bill was written at the time of the adult dental cut.

REPRESENTATIVE SUMNER suggested that instead of focusing on the veto, the focus should be on a potential situation where the earnings reserve account goes empty. He asked whether, under SSHB 16, the state would not be allowing the selection of prioritized vital health services.

REPRESENTATIVE JOSEPHSON responded that, under SSHB 16, members would not be allowed to change who is eligible, nor eliminate optional programs; the bill would have the legislature involved in the process.

[4:49:01 PM](#)

REPRESENTATIVE SADDLER referred to Representative Josephson's suggestion that the governor opted in 2019 not to fund optional dental services in order to create a larger permanent fund dividend (PFD). He expressed the understanding that on the floor of the House of Representatives, no one should ascribe motives to people, and members can debate the merits of SSHB 16 without ascribing the governor's motives.

[4:49:53 PM](#)

REPRESENTATIVE RUFFRIDGE inquired whether, if the bill were to pass but the state cannot pay the necessary services on Medicaid, no individual programs would be cut, but rather, the cuts would be across the board because all services would be required. He asked for confirmation that in order to make a cut, the legislature would need to convene and move to cut the service.

REPRESENTATIVE JOSEPHSON responded in the affirmative.

4:50:50 PM

REPRESENTATIVE MINA, looking at the list of optional services provided under AS 47.07.30(b), questioned whether the federal match rate is just 70/30.

REPRESENTATIVE JOSEPHSON expressed uncertainty and suggested that for some services the state's share may be higher.

REPRESENTATIVE MINA asked about the fiscal note and how brain-injury case management would be funded, as it is not currently funded by general fund grants.

REPRESENTATIVE JOSEPHSON offered his understanding that it is not funded through the Medicaid program. He said this was added because of the concern that the governor wanted to cut \$250 million from Medicaid. He expressed the opinion that there must be some way for the legislature to be involved.

REPRESENTATIVE MINA offered her understanding that brain-injury case management, as well as pregnant women case management, are listed in statute; however, these services are not in the current state plan, which is why there is the fiscal note. She expressed the desire not to ascribe the worth of one service over another. She questioned whether there is a way to narrow the bill, so it focuses on the services that are currently in the state plan.

REPRESENTATIVE JOSEPHSON concurred that the cost comes from putting a service into the state plan. He observed that the 2019 administration is not the same as the 2023 administration, and he reiterated that SSHB 16 is a legacy bill.

REPRESENTATIVE MINA offered her understanding that the intent of the bill is that optional Medicaid services, whether cut or changed by the executive branch, would require legislative authority. She noted that the bill would also add two new services to the state plan.

REPRESENTATIVE JOSEPHSON concurred that the intent of drafting the bill was to not allow the governor alone to strip away programs. Furthermore, he noted that there is a \$30 million savings to the state because the proposed sponsor substitute would remove chiropractic care.

REPRESENTATIVE MINA commented that the biggest impact from cutting Medicaid and optional services is losing the federal dollars.

REPRESENTATIVE JOSEPHSON suggested removing the two programs that he added, because they are costly. He suggested implementing a Wisconsin- or Maine-style amendment, which would add the involvement of the legislature.

[4:58:43 PM](#)

REPRESENTATIVE SUMNER questioned whether chiropractic care was removed because of the fiscal note or because of the reimbursement rate.

REPRESENTATIVE JOSEPHSON answered that it was removed because of the cost on the fiscal note.

[4:59:07 PM](#)

REPRESENTATIVE RUFFRIDGE asked whether chiropractic services fall under the language "may offer".

REPRESENTATIVE JOSEPHSON responded that it does fall under this language, but the state does not.

[4:59:32 PM](#)

REPRESENTATIVE SUMNER asked whether it would require legislative action to remove chiropractic care from the "may offer" list and add it to the "shall offer" list.

REPRESENTATIVE JOSEPHSON suggested that it could be taken off the "may offer list," and then the legislature could move forward with the Wisconsin- and Maine-style of reform.

REPRESENTATIVE SUMNER offered his understanding that the bill just changes "may" to "shall", striking chiropractic from the list; however, it would take a future legislative act to make it possible. He further opined that the reason there needs to be a bill for post-partum care is that it is an eligibility issue, not a service issue.

[5:01:11 PM](#)

REPRESENTATIVE MINA pointed out that an amendment to the state Medicaid plan requires legislative action.

REPRESENTATIVE JOSEPHSON suggested that Representative Mina knows more than the bill sponsor does.

[5:02:25 PM](#)

CHAIR PRAX announced that SSHB 16 was held over.

[5:02:37 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was adjourned at 5:02 p.m.