

SENATE FINANCE COMMITTEE

March 2, 2023

9:01 a.m.

9:01:29 AM

CALL TO ORDER

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

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Click Bishop

ALSO PRESENT

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

PRESENT VIA TELECONFERENCE

Deb Etheridge, Director, Division of Public Assistance
Department of Health, Juneau; Nick Faulkner, Project
Manager, Division of Public Assistance, Department of
Health.

SUMMARY

PRESENTATION: SNAP and MEDICAID ELIGIBILITY REDETERMINATION

Co-Chair Stedman discussed the agenda. He explained that the committee would consider the backlog for the Supplemental Nutrition Assistance Program (SNAP) as well as Medicaid redeterminations. He asked the testifiers to provide background as to how the state ended up in its

current position and why the matter was not highlighted earlier.

^PRESENTATION: SNAP and MEDICAID ELIGIBILITY REDETERMINATION

[9:03:11 AM](#)

HEIDI HEDBERG, COMMISSIONER-DESIGNEE, DEPARTMENT OF HEALTH, introduced herself and department staff.

Commissioner Hedberg discussed a presentation entitled "SNAP Backlog and Medicaid Redeterminations," (copy on file). She looked at slide 2, which outlined the positions and programs within the Division of Public Assistance (DPA). She highlighted that the division's mission was to promote self-sufficiency and provide for basic living expenses to Alaskans in need. She cited that the division had 458 permanent employees and 65 long-term non-permanent employees which oversaw 18 different public assistance programs. The two largest programs were Medicaid, for 262,000 Alaskans; and SNAP, which had 92,000 Alaskans.

Co-Chair Stedman asked about the number of qualifying recipients.

Senator Wilson asked if the number was the total number of recipients or the total number of enrollees.

EMILY RICCI, DEPUTY COMMISSIONER, DEPARTMENT OF HEALTH, relayed that the number on the slide was specific to recipients across all programs. She highlighted there were about 263,000 Medicaid beneficiaries, 72 percent of which were recipients that were utilizing services.

[9:05:12 AM](#)

JOSIE STERN, ASSISTANT COMMISSIONER, DEPARTMENT OF HEALTH, spoke to slide 3, which reflected DPA's budget from FY 22 actuals to the FY 24 governor's amended budget released on February 14.

Ms. Stern continued to address slide 3 and highlighted that the notable increases from FY 22 to FY 24 were in the Unrestricted General Fund (UGF) section shown in blue. The amount increased by about \$7.2 million. The federal funds

reflected in yellow had increased by \$22.2 million. The increment requests would be addressed in a later slide.

9:06:21 AM

Commissioner Hedberg referenced slide 4, which focused on a timeline of the SNAP backlog and illustrated a three-year lookback. She underscored that the global Covid-19 pandemic and a cyber-attack had significant impacts to the planned upgrades to the Legacy IT systems. In 2020 there were new federal relief programs that were disseminated to states - the emergency allotments and the Pandemic Electronic Benefits Transfer (EBT) to support kid's lunches. The department's IT systems were so old they were not able to absorb the new relief programs from federal partners and required manual monthly processing by eligibility technicians for over two years. She emphasized that the public health emergency had dominated much of the human resources (HR) and procurement time in the department through emergency contracts, procuring supplies, getting vaccines. She explained that the work had negatively impacted the other divisions within the Department of Health (DOH).

Commissioner Hedberg continued that there had been a five-milestone road map to addressing DOH's IT Legacy systems, and some of the work had not been accomplished due to HR and procurement staff being solely focused on the public health emergency. Further, DPA had not been able to do some of its contracts. She cited that there was a cyber-attack in May of 2021, and at the time DOH did not fully grasp the impact to IT systems. The IT systems were taken online, and many staff reverted to manual processes. Many IT staff were re-directed to focus on the forensics analysis as there was priority on protection of Alaskan's personal health information. She emphasized that the division's experience with lack of integrated IT systems, lack of efficient workflow processes, and being overtaxed was not new and impacted the timeliness of application processing.

Commissioner Hedberg continued and expressed that she felt she was in a better position because of the department's reorganization. She posited that with the department's more narrow focus and span of control, she had been able to spend most of her time focusing on DPA since she started in November. She mentioned that there was new leadership within DPA. She identified the goal of having a functioning

and integrated IT system, and more efficient workflow processes to benefit staff and provide more timely benefits.

[9:10:23 AM](#)

Commissioner Hedberg continued to address slide 4 and discussed steps taken in the previous three months. She characterized the current situation as crisis management and considered that the department was in triage. She relayed that several strategies had been started and were outlined on the slide. She cited that DOH had applied for a federal waiver to waive the interviews and provide time savings for staff. At the end of November there was a dedicated team that focused on processing the recertifications. Additionally, IT staff had been able to focus on reprogramming the IT Legacy system known as the Eligibility Information System (EIS) and roll the SNAP benefits for February, March, and April. The action had allowed for a stop-gap.

Commissioner Hedberg explained that the recertification for November, December, and January constituted the current backlog, and represented about 5,000 recertifications. She reiterated that the dedicated team was processing the applications, which was estimated to take two months. She emphasized that DPS was doing everything it could to get through the applications, which took approximately one hour to process individually.

Commissioner Hedberg mentioned a third strategy and noted that Alaska had a six-month certification period. She mentioned that one of the federal recommendations was to move to a twelve-month certification period. There were contractors in place working on reprogramming the IT systems to implement the change. She summarized that all of the multiple strategies were in progress.

[9:13:43 AM](#)

Senator Kiehl appreciated slide 4 and thought there might be some points that might not have been included in the summary. He mentioned the 2018 Ombudsman report, and thought there was nothing surprising being presented. He asked if the one hour taken to process the SNAP applications were completed by an Eligibility Technician I, II, or III. He asked how many of the positions DPA had.

Commissioner Hedberg listed that DPS had a little over 130 Eligibility Technician 2 and Eligibility Technician 3 positions, which could process the applications. She continued that the Eligibility Technician I positions were receiving the paper applications and scanning them to a document management system.

Senator Kiehl asked if the number of current positions was the target or if the goal was to work towards a higher or lower number.

Commissioner Hedberg thought Senator Kiehl was asking if DPA had a sufficient workforce.

Senator Kiehl said he would not mind an answer to both questions.

Commissioner Hedberg noted that the next slide would address workforce issues and relayed that the department was actively recruiting eligibility technicians. She recounted that in 2018, she had worked with the Ombudsman to review the report over several meetings. She had reached out to many direct providers and had spoken with individuals affected by the backlog. She had been to a DPA office and seen the work of an Eligibility Technician. She extended the invitation for members to be able to sit with an Eligibility Technician and receive a tour.

Commissioner Hedberg continued that that the issues raised in the Ombudsman report in 2018 had not been fully addressed. She noted that in 2018 there had been a backlog of paper applications, after which an online document management system was implemented as a solution. The technicians endeavored to scan the applications into the system, which would then connect to another system called Workflow Management. She qualified that the systems were not all integrated, which contributed to the problem. To reduce error rates and increase timely applications, the IT systems needed to be integrated.

Commissioner Hedberg noted that in 2018 there had been many complaints with regard to the fact the DPA did not have a physical office, and cited frustration regarding a lack of communication. She mentioned the implementation of the Virtual Contact Center (VCC) and discussed equity issues. She thought that VCC was a great idea but noted that it was

not fully staffed. She noted that the VCC was successful in the early months until the backlog happened, and mentioned a short-term contract for answering phones and to help with process applications. She commented that she could not change the past, but could own what would happen in the future.

9:19:00 AM

Commissioner Hedberg turned to slide 5, which listed immediate efforts to address the public assistance backlog. She noted that there were four strategies already in place, two strategies that would be implemented in the following 90 days, and a third strategy implemented in the next year or so. She highlighted the importance of recruitment and retention of employees, and cited that since November 2022, the department had filled 71 vacant positions. As of February there were 31 new employees in various stages of training. There were a remaining 55 vacancies, with positions posted on Workplace Alaska. She thought there were large volumes of applicants due to media attention on DPS. She noted that the division was staggering review, hiring, and onboarding of new employees.

Commissioner Hedberg continued that in the governor's amended operating budget, DOH had requested 30 additional long-term non-permanent positions specifically for supporting the redetermination process. She qualified that when talking to Alaskans, an eligibility technician would address all applications at once, and the new positions would have positive impacts on all the programs.

Commissioner Hedberg addressed workplace safety and relayed that due to public frustration there had been threats to DPA staff. The department had hired security guards under contract for DOH's four largest offices, that were able to deescalate clients and engage in medical emergencies. Additionally, there was a small contract to do a security assessment for DOH's 11 offices to ensure safety for clients and employees. She mentioned a contract for crisis communication contractual support, which would help with messaging regarding the backlog.

Commissioner Hedberg noted that Monday it had been announced that there was \$1.68 million granted to food banks. She explained that in the 2021 capital appropriation, there was \$6 million given to the Department

of Fish and Game, which had utilized a reimbursable services agreement (RSA) for \$1.68 million to Homeland Security and Emergency Management to purchase shelf-stable food. She continued that Homeland Security and Emergency Management had not purchased the food because of a lack of storage. Because of the imminent food insecurities faced by Alaskans, there had been conversation about using an RSA for the funds to go to DOH. She explained that DOH had two existing grants that were able to be amended to get the food out to food banks.

Commissioner Hedberg explained that food banks had a "hub and spoke" system, whereby the grant would go to Food Bank of Alaska, and then on to partner with local food banks. She described the intense logistics of the process. The food banks were currently working on a bulk food purchase plan in order to assist Alaskans affected by the backlog, as well as the purchase of food cards for purchase of goods at local grocery stores. She cited a strong connection between the SNAP program and local economies.

[9:24:49 AM](#)

Senator Kiehl asked about applicants on Workplace Alaska. He asked Commissioner Hedberg to discuss the constraints on the hiring effort.

Commissioner Hedberg relayed that there was continuous recruitment and large volumes of applications for three current job postings: a fraud investigator, an Eligibility Technician 1, and an Eligibility Technician 2. She discussed training and ongoing efforts to expand capacity for increasing the training program.

Senator Wilson asked if the change in department organization had been translated to the hiring process.

Ms. Stern explained that the department had been delegated authority for recruitment the previous week. After human resources consolidation to the Department of Administration (DOA), DOH had received one recruitment position back and was taking over recruitment efforts with assistance for recruitments under Range 16.

Senator Wilson asked if DOA had offered to provide additional assistance in light of the situation.

Commissioner Hedberg relayed that DOA had been very helpful in getting procurements and HR matters through. She offered to circle back to the department for more information.

Senator Wilson asked how long it took to train an Eligibility Technician II to be able to certify eligibility for SNAP beneficiaries.

Commissioner Hedberg explained that the training took two years, and training covered 18 different public assistance programs. She noted that there was a staged process due to the complexity, and SNAP was one of the most complex. The training team had been able to compress the SNAP training to two months. She noted that there was a lot of room for improvements and a lot of need in the area.

Senator Wilson asked to discuss the minimum qualifications and range of pay for an Eligibility Technician position. He pondered that two years of training was a long period of training.

Commissioner Hedberg noted that the DPA director was present to discuss minimum qualifications for eligibility technicians.

[9:29:32 AM](#)

DEB ETHERIDGE, DIRECTOR, DIVISION OF PUBLIC ASSISTANCE DEPARTMENT OF HEALTH, JUNEAU (via teleconference), relayed that the minimum qualifications for the eligibility technician position included a high school diploma and years of experience.

Senator Wilson asked about the range of pay for the Eligibility Technician 2.

Ms. Etheridge offered to get back to the committee with the information.

Senator Wilson asked about the \$1.6 million that was going to be redistributed by DFG. He asked if the amount was the total or a portion of the total funding.

Commissioner Hedberg understood that \$1.6 million was the total amount.

Senator Wilson asked about the total monthly cost of SNAP benefits.

Commissioner Hedberg thought that Director Ethridge could address the question and noted that she was only in week seven in the position.

Ms. Etheridge cited that the average benefit per household for the SNAP program was \$559.49, with an average benefit per person of \$242.21. There was an average monthly recipient number of 94,645 individuals. The average monthly benefits for all recipients was \$29,605,934.

[9:32:03 AM](#)

Senator Wilson calculated that less than 10 percent of SNAP beneficiaries would benefit from the funding to food pantries. He thought that the legislature should look for more opportunities to address the problem sooner.

Senator Kiehl was glad to hear about the security contracts, which he thought addressed a major retention issue. He asked Commissioner Hedberg to discuss when the department started hearing from staff about feeling unsafe at work.

Commissioner Hedberg relayed that she had started her position on November 16. She referenced recordings. She thought the problem had started in August and was related to the SNAP backlog. She had asked staff for information, and whether safety concerns had been an historic problem. Staff had indicated that it was not an historic problem. She noted that the division had the highest turnover rate in the department, and there had been a lot of virtual work during the pandemic. There had been an increase in threats since August, which was the reason for engaging the security assessment and security guards.

Senator Kiehl thought the department staff had been speaking about feeling unsafe for a couple of years.

Senator Wilson asked if the SNAP backlog had caused any other issues with other programs such as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Program.

Commissioner Hedberg affirmed that there were other public assistance programs that were negatively impacted because of the prioritization of the SNAP backlog.

Senator Wilson asked if there was anything the committee or legislature should be aware of in terms of system failures.

Commissioner Hedberg mentioned the department's capital request to address the IT Legacy systems. She thought slide 8 would address milestones and the direction of the department. She mentioned recruitment and retention of staff, and building staff morale. She mentioned holding three staff town hall meetings with DPA. She emphasized the importance of hearing and addressing staff concerns. She cited that the department was working through multiple strategies.

[9:35:20 AM](#)

Co-Chair Stedman asked about a future request that would be addressed in the presentation, as well as a supplemental request. He asked why the responses were coming in as supplemental requests rather than being in the budget submitted in December. He thought it appeared as if the collapse in the system had happened slowly.

Commissioner Hedberg thought there had been deficits in communication and realizing the total impacts. She noted that when Alaskans had started reaching out to the department there had been a change in commissioners. She had learned about the backlog on her first day of work.

Co-Chair Stedman understood Commissioner Hedberg was new to the position and emphasized that the program had been around for decades. He expressed concern that the agency had not provided the information to the legislature prior to having a virtual collapse of the system. He asked the commissioner to assure the committee that additional assistance would not be needed after redirecting resources to the SNAP backlog. He relayed that the legislature wanted to see the matter holistically. He expressed that the committee wanted to work through the problem. He wondered if the current proposal would address the problem fully.

Commissioner Hedberg appreciated Co-Chair Stedman's comments. She considered that her current job was to gather information for triage and problem assessment, in order to

address problems and identify resources. She was aware of the need to address IT systems and support staff. She thought the operating request in the governor's amended budget and the capital request in the amended budget would address the majority of the issues. She acknowledged that there could be unknown factors, and committed to ongoing communication to work with the legislature to resolve potential problems.

[9:39:46 AM](#)

Ms. Ricci mentioned the governor's amended budget and the Medicaid redetermination process. She referenced the timeline and the federal announcement through the Consolidated Appropriations Act of 2023, which articulated details about the redetermination process. She noted that the information had come after the administration's first budget was submitted. She noted that the federal guidance was ongoing and included weekly updates from the Centers for Medicare and Medicaid (CMS). She noted that there were still outstanding questions in the department to ensure the resources needed aligned with the level of effort that would begin in April.

Co-Chair Stedman noted that the committee was starting the budget subcommittee process, and wanted to ensure that the department gave the subcommittees accurate information without obscuring potential future cost issues. He thought situations affecting the public, such as the SNAP issue, were unacceptable. He thought the state had the financial resources to resolve the problems and encouraged the department to be forthright with the committee.

Commissioner Hedberg replied to a previous question about the starting wage for an eligibility technician, which was between \$22.50 to \$24.

Ms. Stern considered slide 6, which showed the budget request associated with DPA. The December 15th budget had requested a continuance of an FY 23 appropriation for 20 long-term non-permanent positions to support application processing.

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RECONVENED

Ms. Stern addressed slide 6, "Public Assistance Backlog: Funding Requests":

December 15 FY24 Governor (in thousands):

- \$1,331.9 for 20 positions to support application processing (FY2023-FY2024)
- \$679.2 Federal
- \$652.7 in GF Match
- 10 IT positions

February 14 FY23 Governor Amend Supplemental (in thousands):

- \$3,088.7 UGF transfer from Medicaid Services to Public Assistance for Medicaid eligibility redetermination processing
- \$3,733.0 Federal for Medicaid eligibility redetermination processing

February 14 FY24 Governor Amend (in thousands):

- \$54,234.2 capital request for full mainframe system replacement
- 56% (\$30,152.72) funded through federal awards
- \$17,181.5 GF Match, estimated \$6,900.0 reappropriation

Ms. Stern explained that slide 6 showed the budgetary requests for DPA. The department had also added 10 IT positions in departmental support services, to support reprogramming efforts. She noted that the funds in the FY 23 governor's amended supplemental would also go toward 30 long-term non-permanent positions to support application processing.

Co-Chair Stedman noted that the capital budget chairman was not present, but affirmed that he would examine the information. He asked the testifiers to discuss how soon the funds were needed, excepting the capital request.

[9:46:39 AM](#)

Ms. Stern explained that the funding for the supplemental would be needed before the end of the fiscal year.

Co-Chair Stedman relayed that the committee would work with the department and the Office of Management and Budget (OMB) on the funding. The committee had not decided if it

would do a streamlined "fast track supplemental," but hoped it could be avoided.

Senator Wilson thought it looked as though the capital request would have a five-year timeline to complete. He thought the timeline was missing a funding request to look at a systems re-design for the training and application process. He thought the same problems would reoccur with the current system. He thought the state was a horse and cart system that focused on a point-to-point journey. He shared concern that there was not a redesign of workflow to make the staffing and application process easier.

Co-Chair Stedman thought the matter could be addressed in the subcommittee.

Commissioner Hedberg addressed Senator Wilson's concern. She listed that in 2017, the department engaged with federal partners for a technical plan that provided a roadmap. The had five milestones that laid a foundation for moving off the main frame and addressing system issues. She addressed workflow processes and mentioned a workflow management system that supported the eligibility technicians in application processing. The system had not been fully implemented during the pandemic. She mentioned the state of Nevada, which had embraced the technology and had seen great improvement. She thought the department had some tools to address problems mentioned by Senator Wilson. She mentioned an upcoming meeting to work on steps to utilizing the new system. She reiterated that the department was triaging multiple scenarios simultaneously.

Senator Wilson mentioned the systems needed for eligibility technicians to process applications. He asked if the presentation would address the time frame of simplifying the process.

Commissioner Hedberg deferred the question to staff that would present slide 8.

[9:51:53 AM](#)

Commissioner Hedberg displayed slide 7, which showed a timeline of items in the IT project funding history. She wanted to discuss the three appropriations DPA had received, the intent of the funding, and who it served. She deferred financial questions to other staff. She noted that

slide 8 would go in-depth on milestones, which would directly link to funding in the appropriations.

Commissioner Hedberg recounted that in FY 13, the legislature had appropriated \$8.7 million UGF, and through the appropriation the department had leveraged \$65.8 million in federal funds, both of which to create the AIRES system. In 2014 the AIRES system went live and supported the 2,000 Alaskans that were on Medicaid. She cited system flaws in AIRES and mentioned the issue of having a single contractor. After requesting federal support, the road map had been created to address the issues with AIRES and create a path forward to getting off the main frame.

Commissioner Hedberg recounted a \$9 million UGF legislative appropriation in FY 19, which leveraged \$27.7 million in federal funds. She explained that two of the associated tasks were complete - the unified search module and the automated renewal functionality. The third element of the appropriation was to draft a Request for Proposals (RFP) for a contractor to use the remaining balance to migrate Medicaid programs to the new eligibility enrolment system. Additionally, the AIRES system would be moved into the cloud with a completion date of June 2023.

Commissioner Hedberg continued to address slide 7, and cited that there were two capital appropriations in 2023, only one of which was listed on the slide. The legislature had appropriated \$4.7 million UGF (that leveraged \$18.8 million in federal funds), and the funding to start milestones 3, 4, and 5; which would be addressed on slide 8. The \$8 million capital appropriation was to pay for the E-forms for all public assistance applications, and would also launch the online SNAP application by December 2023. Some of the funding had already been used and was encumbered for the projects.

Commissioner Hedberg discussed the governor's amended request for the department, which was for \$17.1 million in General Funds (GF) and a \$6.9 million reappropriation to leverage the \$31.1 million federal dollars to finish milestones 3 through 5. The funding would fully decommission the mainframe eligibility system and would migrate all of the public assistance programs into the brand new eligibility enrollment system. In addition, the funding provided secured access to a self-service portal. She affirmed that there would always be DPA offices to

access, but in addition there would be self-service portals to apply for public assistance. She noted that all the work had been managed by a team of five state employees in the project management office in DPA.

[9:56:40 AM](#)

Senator Wilson asked how much funding was left from FY 19.

Ms. Stern explained that the FY 19 appropriation had about \$20 million remaining unobligated, about \$16.5 of which was federal funds and the remaining \$4.4 million was GF. For FY 23, around \$23 million of the \$27 million appropriation was remaining.

Senator Wilson asked about the capital request for FY 24. He asked if the amount was in addition to the previous funds.

Ms. Stern relayed that the funds were in addition to the prior year appropriations.

Senator Wilson thought it looked as though there was almost \$200 million from FY 13 and roughly \$130 had been spent. He thought there was a large sum of money proposed to spent on a system when there were still big problems.

Co-Chair Stedman commented on the large amount of funding.

Senator Wilson asked why there was \$20 million unspent from FY 19, when the state could have done more to fix the problem. He thought the same was true for FY 23.

Commissioner Hedberg agreed with Senator Wilson. She mentioned that the Department of Health and Social Services' role during unprecedented global pandemic had greatly impacted procurement. She described that all of the procurement staff had focused on procuring for Covid-19, in addition to getting federal dollars to communities. She cited the effects of not being able to procure contracts in earlier years.

Senator Wilson understood that the pandemic had effects, but thought some of the issue pre-dated Covid-19.

[10:00:08 AM](#)

NICK FAULKNER, PROJECT MANAGER, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH (via teleconference), introduced himself and shared that he was the project manager for the eligibility system roadmap modernization effort. He highlighted slide 8, which showed a timeline of long-term efforts to address the public assistance backlog. He mentioned the EIS system, which went live in 1983. In 2014, the AIRES system was put into place and included a Medicaid program. In 2017 another approach was identified and the department worked with federal partners to develop the roadmap, which had smaller more agile modular procurement that lowered the risk as compared to larger multi-year IT project timelines.

Mr. Faulker noted that the change was a multi-year effort. The first two milestones involved enhanced and streamlined worker experience and included enhanced search options and the automated renewals functionality. He listed the remaining milestones as migrating SNAP off of the existing EIS, improving case processing and communication, and migrating other programs off of the EIS. The goal of the roadmap was to have all of the public assistance programs out of the mainframe and into a modern, modular, and flexible public assistance eligibility enrollment system.

[10:04:21 AM](#)

Senator Wilson mentioned the enhanced and streamlined worker experience. He asked Mr. Faulkner to discuss when workers would go from nine screens to one screen, and whether the change would speed up the training experience.

Mr. Faulkner relayed that some improvements were already available to workers. He discussed the challenge of using multiple systems. He mentioned the new functionality of gathering information on multiple systems in one centralized place, which was already in use with positive reports. He highlighted that the new automated renewal process would allow for a certain amount of Medicaid renewals without interaction from workers.

Senator Wilson referenced Nevada being number 14 in the national ranking mentioned by Commissioner Hedberg, and asked about the top three ranked states. He asked if any of the top states were using AIRES.

Mr. Faulkner offered to look into the matter and get back to the committee.

Senator Wilson asked if the state was at risk of federal penalties for delays and loss of certifications. He wondered where the penalties would appear in the budget.

Commissioner Hedberg relayed that the SNAP program had sanctions that could be applied. The state was in a corrective action plan and was meeting weekly with Food and Nutrition Services. She did not anticipate the program leveraging financial penalties. Medicaid was under different rules.

[10:07:19 AM](#)

Ms. Ricci addressed Senator Wilson's question and relayed that there were certain requirements, some of which were new, for redetermination efforts as well as general Medicaid eligibility processing. She highlighted the need for identifying where the state was unable to meet the requirements, articulating a mitigation plan to CMS, and demonstrating the state was taking serious action towards the plan. She cited that there were 40 other states that were also developing mitigation plans because the requirements were challenging for most states. She qualified that most of the requirements the state was unable to meet were associated with the EIS system and those Medicaid enrollments stored on the system. She thought it was important to move the enrollments off the EIS system and into an AIRES system, within a three-year time frame. She reiterated that some of the guidance was still forthcoming.

Senator Wilson referenced the "one-vendor situation" with AIRES and the fact that the vendor sometimes failed to live up to the guidance or contractual agreements. He understood that there were multiple vendors for the integrated enrollment system underway, asked if there was anything the state could do to work with multiple vendors and speed up the process.

Commissioner Hedberg relayed that the department was engaged with multiple vendors, which included competitive pricing and reduced the risk of single vendor failure. She considered that the department had learned a lot from the 2014 AIRES roll-out and the failure of the contract. She

shared that there were vendors in place to present the same thing from recurring. She mentioned Ms. Ricci's experience with contracts, and a dedicated project management team.

Co-Chair Stedman asked about the role of Mr. Faulkner.

Commissioner Hedberg relayed that Mr. Faulkner was a contractor.

[10:10:34 AM](#)

Ms. Ricci explained that she oversaw the divisions and sections that related to the Medicaid program, and that she had started a week prior to Commissioner Hedberg. The following two slides would address the Medicaid redetermination process. She addressed slide 10, which addressed the unwinding of the continuous enrollment for Medicaid. She recounted that in 2020 the federal government's response to the Covid-19 pandemic included requirements (via the Family First Coronavirus Response Act) that maintained continuous eligibility for Medicaid enrollees rather than the standard 12-month redetermination process.

Ms. Ricci continued that recognizing the need for additional funds for increased enrollment, the federal government had provided 6.2 percent enhanced federal match. All states had been receiving the funding to help offset the costs of maintaining enrollment. She continued that because the funding had been tied to the ending of the federal public health emergency, there had been much speculation and concern about how much time the state would have to prepare for the changes to Medicaid enrollment.

Ms. Ricci relayed that in late December 2022, the Consolidated Appropriations Act was passed, which effectively severed the ending of the continuous enrollment requirements from the ending of the federal public health emergency. There was also guidance provided, and a timeline for what states could expect. The act also outlined a phase-down approach for the ending of the enhanced federal funding match, which would begin April 1, 2023. In order to retain the enhanced FMAP, states were required to complete redeterminations subject to certain requirements and timeframes. The continuous enrollment period effectively ended March 31, 2023, and on April 1, all states would begin Medicaid eligibility redeterminations.

Ms. Ricci cited that there were currently about 263,000 enrolled beneficiaries in the Medicaid program, and Alaska would have 12 months beginning April 1 to initiate redeterminations for all active Medicaid cases. States would have 14 months to complete the redeterminations. She reiterated that there were additional requirements in the Consolidated Appropriations Act that would be permanent for states in how they managed eligibility and eligibility systems.

Ms. Ricci shared that within the previous two to three weeks, CMS had provided further guidance to states outlining that states would have two years after the end of the unwinding period to ensure systems complied with the permanent requirements outlined in the act.

[10:15:19 AM](#)

Ms. Stern advanced to slide 11, "Medicaid Redetermination: Funding Requests":

December 15 FY24 Governor (in thousands):

- \$18,132.6 Medicaid utilization and inflation
February 14 FY23 Governor Amend Supplemental (in thousands):

- \$3,088.7 UGF Transfer from Medicaid Services to Public Assistance for Medicaid eligibility redetermination processing
February 14 FY24 Governor Amend (in thousands):

- \$24,388.0 UGF Medicaid increases from eFMAP stepdown and rate rebasing
- \$17,834.5 for Medicaid and Public Assistance program eligibility redeterminations (FY2024-FY2025)
 - \$8,917.3 Federal
 - \$8,917.2 GF Match

Ms. Stern noted that the \$17.8 million for eligibility redeterminations would also come with 30 long-term non-permanent positions in DPA as a carry-on from the FY 23 supplemental request.

Ms. Ricci looked at slide 12, which outlined the state's redetermination schedule. She reiterated that the state would have 12 months to undertake redetermination for 263,000 Alaskans, which was over a third of the state's

population. She described requirements, including minimum and maximum numbers of how many redeterminations states could initiate in a month. The bar graph outlined a schedule by month that indicated a slow ramp-up to full capacity for redeterminations. She pointed out that in April through June the department proposed about half capacity, then reaching the mature redetermination effort in September through March.

Ms. Ricci discussed reasons for the slow ramp-up for eligibility redetermination. She mentioned Commissioner Hedberg's comments about the department experiencing impacts from the SNAP backlog, including in the Medicaid program. She emphasized that the redetermination was a large undertaking that would utilize new systems. She thought the new systems could result in some helpful automation, but noted that there were many outstanding questions about how many of the redeterminations would be processed automatically versus manually.

Ms. Ricci mentioned that the department was trying to find how to work with external partners that engaged with Medicaid beneficiaries in order to leverage work that was already being done by those such as tribal health organizations, the hospital association, and health centers. The slow ramp-up would provide additional time to highlight the partnerships and contemplate data sharing and financing.

[10:19:10 AM](#)

Senator Kiehl referenced the slow ramp-up, and thought there was a 145 percent increase in redetermination in three steps. He estimated the amount of time needed, based on one hour of worker time per application, and questioned how the project was possible.

Ms. Ricci emphasized that the department would leverage automation, and mentioned ex parte renewals that used and matched information from multiple systems to achieve an automated redetermination. She pondered what percentage of determination would be possible for automation, and relayed that the estimates varied widely by state. The department estimated that about 40 percent of the applications in AIREs would run through the redetermination ex parte process. More information would be available in April, and

noted that the department would endeavor to match the information to staffing needs.

Ms. Ricci explained that when Commissioner Hedberg was talking about the hour to process applications, she had been referring to the SNAP applications, which were considered to be more complex. She understood that Medicaid redeterminations would be faster or more streamlined. The department was also looking at leveraging external partners, including contractors, although always preferred to use employees. She continued that federal requirements stated that an actual employee of the state had to make the determination. She pondered whether the department could leverage additional support to gather information so that the eligibility technicians had everything needed to streamline the work.

[10:23:00 AM](#)

Senator Kiehl was concerned at the escalation of workflow, and wanted more information on how the step-ups would happen.

Co-Chair Stedman asked for the inclusion of a brief highlight on how information would be shared about hitting the numeric targets.

Commissioner Hedberg relayed that the group worked together daily and affirmed that DOH could share information on benchmarks with the committee as soon as it was known. She reiterated that gathering the information was difficult so DOH wanted to leverage its partners to maximize the automation and the technicians. She emphasized that the undertaking would be a large of effort. She agreed to follow up with updates.

Co-Chair Stedman wanted to receive an update in May, to see how the month of April went. He wanted to keep track of the issue and know about any challenges in a timely manner.

Ms. Ricci added that there were very specific CMS reporting requirements that began April 8, to include some of the same information the committee would be interested in. The information from the federal reporting requirements would be made public.

[10:25:39 AM](#)

Ms. Ricci showed slide 13, which addressed ex parte renewals for the redetermination approach. She reiterated that about 40 percent of renewals in AIRES would be processed as ex parte renewals. She thought it was important to note that there were two systems, with the vast majority of enrollees in AIRES, and those in long-term programs with eligibility stored in the EIS system. It was not possible to automatically process the Medicaid enrollees in the EIS system, and she emphasized the need to plan for manual redeterminations. She noted that the first batch of redetermination notices that had gone through the ex parte process would be mailed to beneficiaries April 15.

Ms. Ricci referenced slide 14, which addressed manual processing for the redetermination effort. She noted that she had addressed most of the slide already. She explained that manual processing would be required for redeterminations where insufficient data existed in the database to complete the automated ex parte renewal, or if the enrollee was no longer eligible through criteria. Additionally, manual processing would be necessary for enrollees whose eligibility was maintained through in the EIS system.

Senator Wilson asked if the state had initiated any contracts to help with redetermination.

Commissioner Hedberg answered affirmatively and relayed that the contract to support the virtual contact center was one of the contracts that would help with the backlog of redeterminations. People with questions about eligibility or redetermination could get calls answered by DPA staff plus associates.

[10:28:43 AM](#)

Senator Kiehl thought he had heard that Ms. Ricci indicated that a state employee had to process the redeterminations. He asked if the department had gone through the process that public employee contracts required.

Commissioner Hedberg relayed that she had engaged with the union regarding the temporary contract with the virtual contact center. The department had not been able to do a feasibility study because of the timeline, but the department was in active conversations with the union. She

pondered bulk of work that had to happen and considered engaging partners that had direct contact with enrollees. The application decision would not be contracted out per federal law, but contractors and partners could assist with the provision of information.

Ms. Ricci turned to slide 15, which addressed disenrollment as part of the redetermination effort. Initial disenrollment from the effects of the redetermination effort could occur beginning June 1. She noted that the process was complicated, with the end of the continuous enrollment period was March 31. She cited that it was possible that an individual could be disenrolled between April 31 and May 31 when they may be interacting with DPA for other programs. As a result of initiating redeterminations on a monthly basis, the first disenrollments would occur June 1, 2023. She pondered the question of how many recipients were estimated to be disenrolled, and did not have a firm number. She cited that since 2020 there were 30,000 more Alaskans enrolled in Medicaid than were three years previously.

Ms. Ricci continued that if an individual were disenrolled, there were hearing rights. Most recipients that were disenrolled would be transferred to the federally facilitated marketplace in order to retain coverage and sign up for coverage. The process was automated for individuals that were enrolled in the AIRES system, while those enrolled in the EIS system would receive notices.

Ms. Ricci affirmed that the department was working to make sure it could support individuals that might be disenrolled. She cited the goal of making sure everyone stayed covered through the various health insurance options available, and mentioned the need to work with external partners. She thought some groups had set up health insurance navigators, as well as the Division of Insurance.

[10:33:24 AM](#)

Senator Kiehl mentioned the challenge of contacting recipients, which often had changeable work and housing situations. He understood the department was working on a dedicated way for Medicaid beneficiaries to update contact information. He understood the federal government required new and different ways of reaching out to those that did not have contact information. He asked for more detail.

Ms. Ricci relayed that DPA had established a separate option when calling into the virtual call center. The only activity for the call center staff was to update individual's contact information, and the goal was to make the line available and ensure it did not get backed up. The staff was not permitted to answer any other questions. She detailed that the department would be sending postcards encouraging Alaskans to keep contact information updated, and that there was a full public communications plan that would be rolled out.

Ms. Ricci continued that there were certain requirements in the Consolidated Appropriations Act that dictated how DPA systems needed to ingest updated address information from the national change of address database as well as how individuals can be disenrolled and what steps the division must take before it could engage in disenrollment. She listed working on access to the national change of address database as one of the areas DOH was working on in the mitigation plan with CMS. The database was not automated in AIREs but she anticipated it to come online later in the summer. She noted that Senator Kiehl was correct in that there was a requirement to contact beneficiaries by other means than a letter, and the department was working on ways to collect other contact information and planned to make phone calls.

Ms. Ricci considered slide 16, which listed federal requirements that were outlined in the Consolidated Appropriations Act of 2023. There were four major areas that the department was addressing through CMS mitigation plans, including connecting with the address change database, ex parte renewals, transferring disenrollments to the federal insurance marketplace, and developing the online submission. She noted that the department was in active conversations with CMS regarding mitigation plans, timelines, and milestones.

[10:37:46 AM](#)

Ms. Ricci displayed slide 17, which had additional information on federal requirements. She summarized that in order to remain compliant for enhanced federal FMAP and additional federal funding, DOH needed to demonstrate to CMS an approved mitigation plan, set dates for reaching compliance, and demonstration of working towards the plan.

She continued that CMS had developed a form that would be a helpful tool in articulating compliance measures.

Co-Chair Stedman asked when the department was notified of the redetermination requirement.

Ms. Ricci recalled that the requirements were released in the Consolidated Appropriations Act at the end of December. There had been ongoing national discussion about when the public health emergency would end, but there was no specific date until December.

Co-Chair Stedman asked if there was any lead time other than the act being released.

Ms. Ricci answered "yes." She thought there had been general awareness of what could be required by CMS or what CMS would be looking for, which was why the division engaged in programming necessary to start ex parte renewals in the AIRE system. She believed the effort had started in the fall.

Ms. Ricci highlighted slide 18, which showed a flow chart. She reiterated that the department was working to identify how to leverage external stakeholders to reach Medicaid enrollees. She cited that DOH was working on financing, data sharing agreements, and articulating which organizations could help in different areas.

Ms. Ricci looked at slide 19, which outlined the department's communication plan for the redetermination effort. She anticipated that the communication plan would change and flex within the next few months in response to identified questions and needs. She highlighted the importance and requirements to engage in broad-based communications with Alaskans.

Senator Kiehl asked if the communication plan would be public.

Ms. Ricci noted that the plan had already been shared in certain meetings and would be meeting with stakeholder groups to share an outline of the plan and receive guidance from those engaging directly with enrollees.

Senator Wilson asked the department was offering opportunities for overtime for SNAP and Medicaid eligibility technicians.

Commissioner Hedberg affirmed that there were eligibility technicians that were working seven days a week, and that working overtime was optional.

Senator Wilson asked if the overtime would create an increase to the operational budget for the positions.

Commissioner Hedberg did not anticipate an increase and noted that the department had been using the balance within the budget to manage the amount.

[10:42:34 AM](#)

Co-Chair Stedman asked to go back to slide 11, which showed funding requests for Medicaid redetermination. He mentioned the committee's desire to help the department anticipate problems. He cited a challenge with Medicaid projections and information flow. He mentioned a request for more information to flow to the Legislative Finance Division (LFD).

Ms. Stern relayed that the department was in discussions with the Office of Management and Budget (OMB) as well as LFD to provide the projections. She referenced a meeting the previous week and relayed that she would follow up with OMB to see when the information could be provided to the division.

Co-Chair Stedman asked if the request had been concluded so that there would be a good flow of information to LFD.

Ms. Stern hoped to get the information to LFD in the following two weeks.

Co-Chair Stedman emphasized keeping up the flow of information so there were no surprises when the budget season started. He was concerned about whether the department would be hitting established targets and emphasized the importance of hearing about issues sooner rather than later. He recognized the size and complexity of the department and trying to keep the growth of the department reasonable. He encouraged the department to work with LFD.

Commissioner Hedberg showed slide 20, "Questions?":

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Co-Chair Stedman thanked the testifiers. He discussed the agenda for the following day and upcoming subcommittee meetings.

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ADJOURNMENT

10:47:23 AM

The meeting was adjourned at 10:47 a.m.