

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

January 31, 2023

3:30 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator James Kaufman, Vice Chair
Senator Löki Tobin
Senator Forrest Dunbar
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

OVERVIEW STATE OF ALASKA DEPARTMENT OF HEALTH

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

HEIDI HEDBERG, Commissioner Designee
Department of Health
Juneau, Alaska

POSITION STATEMENT: Co-presented an overview of the State of Alaska Department of Health (DOH).

EMILY RICCI, Deputy Commissioner
Department of Health
Juneau, Alaska

POSITION STATEMENT: Co-presented an overview of the State of Alaska Department of Health (DOH).

JOSIE STERN, Assistant Commissioner
Division of Finance and Management Services
Department of Health
Juneau, Alaska

POSITION STATEMENT: Co-presented an overview of the State of Alaska Department of Health (DOH).

ACTION NARRATIVE

[3:30:31 PM](#)

CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Giessel, Dunbar, Tobin and Chair Wilson. Senator Kaufman arrived thereafter.

OVERVIEW

STATE OF ALASKA DEPARTMENT OF HEALTH

[3:31:07 PM](#)

CHAIR WILSON announced the committee would hear the continuation of the overview of the Department of Health (DOH).

[3:31:50 PM](#)

HEIDI HEDBERG, Commissioner Designee, Department of Health, Juneau, Alaska, said that the department would present the second half of its overview.

[3:32:12 PM](#)

EMILY RICCI, Deputy Commissioner, Department of Health, Juneau, Alaska, advanced to slide 23 and highlighted important changes relative to federal requirements during the pandemic. She spoke to the following points regarding continuous Medicaid enrollment:

- In March 2020, the federal government put continuous enrollment requirements in place. States were required to maintain eligibility status for Medicaid beneficiaries.
- Acceptable reasons for disenrollment were personal request, move out of state, and death.
- State annual redetermination processes were suspended.
- A 6.2 percent federal funding increase was given for increased enrollment.
- In December 2022 a federal omnibus bill was passed, separating the continuous enrollment requirement from the federal public health emergency.
- On May 11 the federal public health emergency ends.

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MS. RICCI stated that the federal government continues to issue guidance for ending continuous enrollment and noted:

- Alaska will begin its pre-pandemic Medicaid redeterminations for eligibility on April 1.
- Alaska has 12 months to complete redeterminations for all active Medicaid cases.
- Alaska has 14 months to finalize terminations.
- The earliest expected termination date is May 31.
- Redetermination plans will be submitted to the Centers for Medicaid Services (CMS) on February 15.
- DOH and stakeholders begin maximizing public communication in February.
- There would be a phase down of federal medical assistance percentages (FMAPs) and gave reasons for working closely with CMS.

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SENATOR GIESSEL said the Department of Election's communication plan used multiple languages and public events. She suggested it would be an excellent model to follow since informing the public will be challenging.

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CHAIR WILSON stated that DOH recently filled its Communications Officer position, which will benefit the department.

[3:42:01 PM](#)

SENATOR TOBIN asked if additional communication positions would be needed to accomplish the magnitude of the task.

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COMMISSIONER-DESIGNEE HEDBERG stated that DOH had signed a contract with a communications company to support the department's public information team. The communications manager will begin the position on Monday. DOH and the consultant will develop a robust communication plan with assistance from partner organizations. The plan will include multiple languages and venues so Alaskans can respond to the change on time.

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SENATOR DUNBAR said he understands that under federal guidelines, redetermination must begin on April 1. He asked if DOH had started preliminary work to avoid backlogs and what the appeal process would be.

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MS. RICCI replied that the first preliminary step was to ensure programming was in place for Alaska's Resource for Integrated Eligibility Services (ARIES). Programming will be completed by February 28, allowing time to discover programming issues. The programming process has provoked thoughtfulness in how the distribution of redeterminations will occur over 12 months. Ideally, the distributions would be even. Redeterminations in the Eligibility Information System (EIS) will be manually enrolled. Most of the enrollment in the ARIES system will be automatic. DOH is uncertain how many in the ARIES system must be manually enrolled. There is a standard appeal process for redeterminations, which can involve peer hearings. She said she would provide an outline of the process to the committee.

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CHAIR WILSON asked approximately how many Alaskans are on Medicaid.

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MS. RICCI replied that there are about 263,000 Alaskans.

[3:47:07 PM](#)

CHAIR WILSON asked Ms. Ricci to expound briefly on the department's redetermination plan.

[3:47:19 PM](#)

MS. RICCI replied that not all redeterminations would occur on April 1. The department will have 12 months to work through the 263,000 redeterminations. Some redeterminations will occur as people apply for different benefits or programs. DOH will schedule other redeterminations based on the month of the beneficiaries enrollment.

[3:48:21 PM](#)

SENATOR DUNBAR suggested that DOH should send the outline for the appeal process to every Senator since there are 260,000 people on Medicaid.

MS. RICCI responded that legislators could assist in the change by asking constituents to update their contact information.

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CHAIR WILSON asked if DOH plans to use Medicaid enrollment specialists to assist with contact information or help with enrollment issues.

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MS. RICCI replied that the department would be relying on that partnership. Provider groups are one of the most important stakeholders to connect with. The goal is to use connections within all of the divisions in the department and provide consistent messaging.

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CHAIR WILSON asked whether the department has anticipated the number of enrollees that may fall from the rolls.

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MS. RICCI replied that she had heard estimates ranging from 3 - 6.6 percent. From the Spring of 2020 to the present, there has been a 30,000-enrollee increase. She stated she did not anticipate dropping all 30,000 enrollees, but the number provides an idea of the increased volume the department has experienced. She said the department has considered the impact that ending continuous enrollment will have on the budget because not all enrollees were previously utilizing services.

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SENATOR KAUFMAN joined the meeting.

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SENATOR TOBIN stated she is concerned about employee attrition and the health of employees. She asked for suggestions on ways the legislature can help DOH retain employees.

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COMMISSIONER-DESIGNEE HEDBERG replied that she has been working with the new director of public assistance. DOH has filled fourteen recruitment positions. Eligibility technician training takes time, so information on turnover is being gathered. Staff have been working through a backlog of applications and are under stress. The department is also evaluating whether additional long-term non-permanent positions are needed. Staff morale is focused on ensuring they feel heard and have the resources to do their work.

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CHAIR WILSON asked if the redetermination process must start on April 1 or if DOH can push it back.

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MS. RICCI replied that the department must start on April 1 at the latest.

[3:57:03 PM](#)

JOSIE STERN, Assistant Commissioner, Division of Finance and Management Services, Department of Health, Juneau, Alaska, said the Department of Health includes the following divisions:

- Behavioral Health
- Healthcare Services
- Public Health
- Public Assistance
- Senior and Disability Services
- Departmental Support Services
- Medicaid Services

MS. Sterns turned to slide 24 and said the chart and graph compare the FY 22 actuals, FY 23 Management Plan, and FY 24 Governor's budget introduced on December 15. She excluded Departmental Support Services, the Human Services Community Matching Grant, and Community Initiative Matching Grants from the comparison; these grants and services usually appear consolidated. However, many of the changes associated with the Department of Health and Social Services bifurcation occurred within Departmental Support Services, making a similar comparison from FY 22 to FY 24 difficult. DOH currently has 1,453 full-time positions. Medicaid Services is the largest portion of the budget at \$2.5 billion. Notable increments in the FY 24 budget are:

- \$1 million Departmental Support Services, Commissioner's Office increment split equally between federal and undesignated general funds to create the Office of Health Savings. The Office of Health Savings aims to address healthcare costs, maximize existing contracts' value, and secure additional recoveries through reclaiming.
- \$150,000 Commissioner's Office increment to the undesignated general fund for recruiting and retaining health professionals in Alaska. DOH anticipates that the

healthcare sector will grow about 6.7 percent in the next 12 years, equating to about 5,000 new jobs.

- \$1.5 million Information Technology Services increment for ten full-time positions to invest in business information technology.
- \$2.6 million Medicaid Services increment to undesignated general funds to extend post-partum Medicaid coverage from 60 days to 12 months.
- \$18.1 million Medicaid Services increment to undesignated general funds due to Medicaid cost increases, which include the cost to provide services, inflation, utilization and other CMS plan changes.
- \$2.8 million Public Health increment to undesignated general funds to adopt recommendations in the Alaska Tuberculosis Plan.
- \$4.2 million Public Health increment to undesignated general funds to eliminate congenital syphilis.
- \$1.5 million Senior and Disability Services to undesignated general funds to support senior and disability community-based grants and independent learning community base centers.

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CHAIR WILSON asked if the legislation for 12-month post-partum care was forthcoming.

[4:01:10 PM](#)

COMMISSIONER-DESIGNEE HEDBERG replied that it was forthcoming.

[4:01:19 PM](#)

SENATOR GIESSEL stated that Alaska Regional's Senior Medicare Clinic was closing. She asked if Ms. Hedberg had any solutions.

[4:01:41 PM](#)

MS. HEDBERG deferred to Ms. Ricci.

[4:01:54 PM](#)

MS. RICCI said she has seen seniors become eligible for Medicare and suddenly be unable to receive care from their long-standing provider. Ultimately, Medicare is a solely federal program. It

is unlike Medicaid, having a partnership with states. Time needs to be spent understanding how rates are determined and looking for modifiers, specifically for primary care. She opined that people nationwide would be happy if Medicare paid more. However, in Alaska, Medicare and providers have an acute problem. There is no easy fix that the state can offer to address the underpayment, but collectively Alaska can have a strong voice in saying the rates impede seniors' access to critical care.

[4:04:45 PM](#)

SENATOR GIESSEL stated that the Biden administration is considering reducing Medicare reimbursement, which magnifies the problem. She said that Alaska had a Health Care Commission for several years before the state defunded it. The commission did comprehensive work on healthcare cost savings and system improvements. She asked what the chance would be of DOH expanding the Office of Health Savings to the formula of the Health Care Commission.

[4:06:12 PM](#)

MS. RICCI replied that she and her colleagues have become hyper-focused on administering programs and ensuring service to beneficiaries. The concept of an Office of Health Savings is to leverage immediate short-term savings through subrogation and additional pharmacy rebates. The office would also focus on some bigger vision goals.

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SENATOR GIESSEL said that the Office of Health Savings would look at how the bureaucracy could improve its function. She stated that she would like to discuss the health commission elsewhere because it took on big-picture issues and was comprised of clinicians, public health officials, and the bureaucracy to avoid missteps.

[4:08:58 PM](#)

SENATOR DUNBAR referred to the operating budget (slide 24) and said a line called "Other" jumped from \$35 million in 2022 to \$73 million in 2023 and stayed at an elevated rate of \$75 million. He asked for an explanation of "Other" and the \$40 million increase in the revenue source.

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MS. STERN replied that "Other" refers to fund sources that are generally inter-agency receipts. They are agreements that the Department of Health may have with other departments or divisions. It appears because it is both a revenue and

expenditure source. The underlying fund for the inter-agency (IA) receipts would be either undesignated general fund (UGF), designated general fund (DGF), or federal funding.

SENATOR DUNBAR asked for an explanation of the increase.

[4:10:20 PM](#)

MS. STERN replied that she was uncertain and would report back to the committee.

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SENATOR KAUFMAN questioned how a battleship would be rebuilt as it steams across an ocean. DOH has a budget of \$3 billion. He opined that it is a big operation and deserves an embedded continuous improvement process with resources to focus solely on improvement. The benefit to performance and the economy will make money. Quality is free because it pays for itself when implemented. He opined that improvement programs are valid and should be avidly pursued. It takes an organized, concerted, resourced effort to drive improvement in a complex and expensive organization.

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CHAIR WILSON asked Ms. Ricci and Commissioner Designee Hedberg to introduce themselves.

[4:13:13 PM](#)

COMMISSIONER DESIGNEE HEDBERG said she moved to Alaska in 1995. She received a degree from Pacific University and described how her degree in outdoor studies allowed her to work for non-profit organizations and meet people throughout Alaska. She said she was asked to apply for a position with DOH while working for the Blood Bank of Alaska in 2009 and has worked in various positions within the Division of Public Health for 13 years. For the past four years, she has been the director of public health. She gained valuable experience and relationships as part of the collective COVID-19 response team. She expressed appreciation for the team she works with.

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MS. RICCI stated she was born and raised in Juneau. She has a broadcast journalism degree and a master's in public health. In 2004 she began her career in public health following a tsunami in Sri Lanka. She stated she worked for the Red Cross, entered the Peace Corps, and discovered she enjoys public health and public service. For the past 12 years, her work has focused on the private sector, mainly with the Division of Retirement and

Benefits. She described several projects she has worked on, such as issues related to Medicaid. She stated that her passion is improving the health care system and thinking about it from a payer perspective. Understanding and being thoughtful about how society pays for services is essential. Insurance and payment methods are critical to supporting the overall health of Alaska's population.

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CHAIR WILSON said that Alaska is one of three states with higher Medicaid rates than Medicare. Yet, providers say Medicare rates are not high enough. He asked if Alaska's Medicaid is too high compared to other states.

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MS. RICCI replied that there are circumstances where Medicaid does pay higher rates than Medicare, specifically for professional services. If you were to look at facility costs, Medicaid does not pay higher than Medicare. The healthcare system has post-pandemic changes, and the impact of those changes is just beginning to be understood. She said she consistently hears about the effects of the pandemic, supply change disruption, inflation, and workforce shortages. She opined that it all ties into the payment financing system and how to support it. She stated that she does not feel prepared to say the rates are too high or low unilaterally. The system needs to be looked at to ensure the pay rates achieve the outcomes Alaskans want, such as healthy individuals, strong primary care, and robust prevention.

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CHAIR WILSON asked if Optum's medical and behavioral health provider payments are backlogged.

MS. RICCI stated that Optum is the department's Administrative Services Organization (ASO) that adjudicates claims for the services provided under the 115 Waiver in the Division of Behavioral Health. There have been challenges with Optum's adjudication system. Some providers struggle to understand how payments are adjudicated and why they are not paid timely. The division is aware of the issue and has implemented steps for improvement. The challenges have been foundational to the Administrative Services Organization (ASO) beginning its operations.

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CHAIR WILSON stated he finds the issue concerning because there is only one provider in his district that offers critical care services and that provider has not been paid for over a year. He asked if Optum was making payments.

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MS. RICCI stated that foundational claims must be paid timely and accurately. She said she does have concerns with Optum's ability to do so consistently. Not paying critical providers is unacceptable, and the department must ensure reimbursement. She asked that Chair Wilson put the provider in contact with the department to investigate the issue.

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CHAIR WILSON thanked the presenters.

[4:24:36 PM](#)

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 4:24 p.m.