

**ALASKA STATE LEGISLATURE**  
**SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

February 9, 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**

SENATE BILL NO. 45

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

- HEARD & HELD

SENATE BILL NO. 58

"An Act relating to Medicaid eligibility; expanding eligibility for postpartum mothers; conditioning the expansion of eligibility on approval by the United States Department of Health and Human Services; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 45

SHORT TITLE: DIRECT HEALTH AGREEMENT: NOT INSURANCE

SPONSOR(s): SENATOR(s) WILSON

01/25/23	(S)	READ THE FIRST TIME - REFERRALS
01/25/23	(S)	HSS, L&C
02/07/23	(S)	HSS AT 3:30 PM BUTROVICH 205
02/07/23	(S)	Heard & Held
02/07/23	(S)	MINUTE(HSS)
02/09/23	(S)	HSS AT 3:30 PM BUTROVICH 205

BILL: SB 58

SHORT TITLE: MEDICAID ELIGIBILITY: POSTPARTUM MOTHERS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/06/23 (S) READ THE FIRST TIME - REFERRALS  
02/06/23 (S) HSS, FIN  
02/09/23 (S) HSS AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

EMILY RICCI, Deputy Commissioner  
Department of Health  
Juneau, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 45.

RENEE GAYHART, Director  
Health Care Services  
Department of Health  
Juneau, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 45.

DR. WADE ERICKSON, Direct Care Services Physician  
Capstone Family Medical  
Wasilla, Alaska

**POSITION STATEMENT:** Answered questions on SB 45.

DR. ANNE ZINK, Chief Medical Officer  
Department of Health

**POSITION STATEMENT:** Testified by invitation on SB 58.

EMILY RICCI, Deputy Commissioner  
Depart of Health  
Juneau, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 58.

REBEKAH MORISSE, Section Chief  
Women's Children's and Family Health  
Division of Public Health  
Department of Health  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on SB 58.

BROOKE IVY, Vice President  
Policy and Advocacy  
Alaska Children's Trust  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 58.

MORGAN LIM, Lobbyist  
Planned Parenthood Alliance Advocates  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 58.

JEANIE MONK, Senior Vice President  
Alaska State Hospital and Nursing Home Association  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 58.

KC CASORT, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 58.

RENE O'HARA-JOLLEY, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 58.

JAMIE MORGAN, Government Relations Regional Lead  
The American Heart Association  
Sacramento, California,

**POSITION STATEMENT:** Testified in support of SB 58.

#### **ACTION NARRATIVE**

[3:30:12 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 Tobin, Kaufman, Dunbar, Giessel, and Chair Wilson.

#### **SB 45-DIRECT HEALTH AGREEMENT: NOT INSURANCE**

[3:31:20 PM](#)

**CHAIR WILSON** announced the consideration of SENATE BILL NO. 45 "An Act relating to insurance; relating to direct health care agreements; and relating to unfair trade practices."

[3:31:40 PM](#)

**EMILY RICCI**, Deputy Commissioner, Department of Health, Juneau, Alaska, introduced herself.

[3:32:04 PM](#)

**CHAIR WILSON** asked why SB 45 did not include Medicaid. He asked the department to discuss the differences between Medicare and Medicaid as they relate to SB 45.

[3:32:44 PM](#)

RENEE GAYHART, Director, Health Care Services, Department of Health, Juneau, Alaska, stated that Medicare is not needs-based and is funded entirely by the federal government. It was based on being 65 years old and other conditions. Recipients of Medicare pay deductibles, copays, and premiums. On the other hand, Medicaid is fully needs-based. It is funded jointly by the federal and state governments. Medicaid coordinates benefits, so it is the payer of last resort in all cases. The payer of last resort means all liabilities, such as workman's compensation, group insurance, and court orders pay before Medicaid. The only payer that would come after Medicaid would be Indian Health Services (IHS). Centers for Medicare and Medicaid Services (CMS) cannot add direct contracting. CMS did an innovative project in 2020 that allowed Medicare recipients to enter into direct healthcare agreements. The project benefited Medicare recipients because they paid deductibles and premiums. Since Medicaid is the payer of last resort, that advantage does not apply. CMS approved Medicaid on a limited basis for managed care states. Alaska is not a managed care state; it is a full fee-for-service state.

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At ease.

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CHAIR WILSON reconvened the meeting.

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SENATOR DUNBAR said he spoke with some primary care physicians who expressed concern that the direct healthcare model skims wealthy people away from clinics that accept Medicaid. In effect, it renders those clinics unsustainable and forces them to change their business model. He asked if there is evidence that SB 45 would lead to a reduction in offices accepting Medicaid.

[3:38:21 PM](#)

MS. RICCI replied that it is difficult to predict how utilization would shift providers' business practices. She said she would look at other states and report to the committee. States that may have leveraged direct health care programs for Medicaid beneficiaries are states with managed care, which is different than what SB 45 contemplates for Alaska. Alaska is a fee-for-service state so it would need a programmatic demonstration project.

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SENATOR DUNBAR reiterated that he would like to know whether the number of doctors accepting Medicaid decreases in states that allow direct health care agreements, especially those analogous to Alaska.

[3:40:43 PM](#)

SENATOR GIESSEL said the government cares for seniors and aids children. She stated her understanding that there is no copay mandated for a Medicaid patient who visits a doctor because Alaska is a fee-for-service state. However, Medicare is a program that a provider opts into. She asked whether it is true that a provider can opt out of Medicare and offer direct care services to senior citizens over age 65.

MS. RICCI said that is true.

[3:41:50 PM](#)

SENATOR GIESSEL opined that the direct care model would fill a crucial gap in Anchorage due to the closing of the Regional Senior Care Clinic. In Alaska, Medicaid pays a higher reimbursement than Medicare. Providers avoid senior care because it is complex, and the reimbursement is extremely low. She opined there is likely no risk of Medicaid patients switching to a direct health care provider since they pay no money for service. The direct care model benefits seniors because most healthcare professionals have opted out of Medicare.

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SENATOR GIESSEL asked if the committee could hear from Dr. Erickson, a direct care services physician.

[3:44:17 PM](#)

DR. WADE ERICKSON, Direct Care Services Physician, Capstone Family Medical, Wasilla, Alaska, introduced himself.

[3:44:26 PM](#)

SENATOR GIESSEL asked what Dr. Erickson's rationale was for offering direct health care agreements and the pros and cons.

[3:44:41 PM](#)

MR. ERICKSON said forty-four states offer the direct health care model. It has successfully created access for underinsured, small businesses, and individuals who do not meet the income thresholds for Medicaid or have enough money to purchase a plan on the individual market. He stated that his attorney informed

him that the direct health care model falls under a gray area of Title 21. Therefore, he decided to work on cleaning up the gray area before starting a larger medical practice. He said many people and businesses have expressed interest in the direct care model, and he is hopeful it will be another means for people to access affordable care.

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SENATOR GIESSEL asked what benefits the direct health care model offers seniors.

[3:47:16 PM](#)

MR. ERICKSON said there is a significant need for primary care physicians for seniors in Anchorage. Direct health care agreements are permissible with Medicare if the physician is not a Medicare-enrolled provider. He said other states are doing Medicare pilot programs.

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SENATOR TOBIN said SB 45 prohibits businesses from negotiating direct healthcare agreements for their employees. She asked if employers would be paying the periodic fee for differing employee agreements or if there would be a collective negotiation presented to the employer by the employees.

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MR. ERICKSON replied that, for practical purposes, an employer generally approaches a clinic with the number of employees needing a plan. Usually, the human resources department of a small company or the owner presents an offer to the employees.

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CHAIR WILSON said he knows a behavioral health employer that offers a cash health care benefit. Employees can use the money as they choose, but the intent is to offset the cost of health care needs.

MR. ERICKSON stated he had offered cash benefits for health care to his employees.

[3:50:05 PM](#)

SENATOR TOBIN asked how an employee would obtain affordable medications, such as birth control or asthma inhalers.

[3:50:26 PM](#)

MR. ERICKSON replied that employees can contract with various health care providers under SB 45, such as behavioral health

care providers, primary care providers, dentists, optometrists, and pharmacists. An employee could also look for a primary care provider that offers a generic prescription drug benefit. There are organizations in the Lower 48 working to combine drug benefits with direct primary care as an add-on service. However, most providers do not offer a pharmaceutical benefit; they provide a prescription to a pharmacy. Physicians typically discuss affordable and available medication options with patients. Most direct primary care providers in the Lower 48 can provide patients affordable access to the top 100 drugs they prescribe. He opined that there will always be issues with high-end drugs for cancer and autoimmune diseases. Patients will need insurance for these drugs to be affordable. Luckily, most people do not require high-end drugs.

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CHAIR WILSON set an amendment deadline and held SB 45 in committee.

#### **SB 58-MEDICAID ELIGIBILITY: POSTPARTUM MOTHERS**

[3:53:57 PM](#)

CHAIR WILSON announced the consideration of SENATE BILL NO. 58 "An Act relating to Medicaid eligibility; expanding eligibility for postpartum mothers; conditioning the expansion of eligibility on approval by the United States Department of Health and Human Services; and providing for an effective date."

[3:54:35 PM](#)

DR. ANNE ZINK, Chief Medical Officer, Department of Health, said SB 58 addresses a postpartum Medicaid coverage extension. She stated the following were three highlights of SB 58:

- SB 58 simplifies Medicaid pregnancy coverage so that an eligible mother has health insurance for one year after giving birth, thereby eliminating the potential loss of coverage when having to reapply after two months.
- SB 58 takes a major step in addressing Alaska's rising maternal mortality rates.
- SB 58 sets a trajectory for Alaska because its future is its people, and there is no more critical cost-effective time in life to invest in health than during pregnancy and early childhood.

DR. ZINK defined postpartum as when "a physiological change in pregnancy returns to the non-pregnant state." These changes

were thought to occur six to eight weeks after giving birth, so Medicaid coverage ended at 60 days. However, most organizations, including the American College of Obstetrics and Gynecology, now define the period as the first year after birth. She said Medicaid provides low-income Alaskans access to health care through the state with support from federal matching funds. Currently, Medicaid covers 51 percent of all births in Alaska. SB 58 is an evidence-based bill supporting Alaskan families to provide early care and improve maternal and child health outcomes.

[3:56:49 PM](#)

DR. ZINK moved to slide 4 and said the United States is the only developed country in the world where maternal mortality rates are increasing far more than other countries. Other countries have rates ranging from 1.7 to 8.7 per 100,000 live births. The United States has 17.4 deaths per 100,000 live births. She turned to slide 5 and provided the following facts:

[Original punctuation provided.]

- Pregnancy-related deaths occur well beyond the 60-day postpartum period.
- 29% of pregnancy-related deaths in the U.S. - not including those caused by accidents, homicides, and suicides - occur 43 to 365 days postpartum.
- For every pregnancy-related death, there are 70 to 80 cases of severe maternal illness and morbidity in the postpartum period.
- Medicaid-enrolled women are especially vulnerable to pregnancy-related death as they are more likely to experience chronic conditions, pre-term or low-weight births, and severe maternal morbidity.

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DR. ZINK advanced to slide 6 and spoke to the following points of pregnancy-associated deaths in Alaska:

[Original punctuation provided.]

- In 2021, Alaska's overall pregnancy associated death rate exceeded the previous 5-year average by 109%

DR. ZINK noted that the rate of maternal mortality is 184 percent in rural areas of Alaska. In urban areas the rate is 64

percent, which shows that there are increasing discrepancies and disparities between rural and urban healthcare.

- Among deaths in 2015-2019: 73% occurred >6 weeks post delivery
- Among deaths reviewed by Alaska's Maternal and Child Death Review (MCDR) committee during 2016-2022, 88% were potentially preventable, and 44% were associated with barriers to health care access

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CHAIR WILSON asked if Dr. Zink would talk more about minority health disparity, especially in rural areas of Alaska.

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DR. ZINK replied that the department would provide more data to the committee. She stated that maternal mortality has a large racial, ethnic, and geographic discrepancy. African Americans, Black Americans, and Alaskan Native people are at a much higher risk of maternal mortality. She stated that the department provided the committee with a summary of a maternal death review.

[4:01:00 PM](#)

EMILY RICCI, Deputy Commissioner, Department of Health, Juneau, Alaska, moved to slide 7 and said that Alaska is not the only state noticing that the coverage provided by Medicaid is insufficient. She said that in 2020 the American Rescue Plan Act (ARPA) added the time-limited option for allowing states to extend postpartum coverage from the required 60 days to 12 months for eligible beneficiaries through March 1, 2027. However, in December 2022, the Consolidated Appropriations Act 2023 (CAA-2023) revised ARPA to make state adoption of the optional coverage extension permanent. Medicaid is a complicated program to change because it is a shared state and federal program with many different rules. The Consolidated Appropriations Act was the federal government's way of making adopting the change as easy as possible.

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MS. RICCI turned to slide 8 and said that a legislative bill is needed to implement the change for the following reasons:

[Original punctuation provided.]

- The Legislature must approve all optional groups for Medicaid coverage in statute AS 47.07.020
- Women who are eligible for Medicaid in Alaska based on their pregnancy currently only receive coverage for 60 days postpartum
- In Alaska, 51% of births are covered by Medicaid

[4:03:54 PM](#)

DR. ZINK stated that the Center for Medicare and Medicaid Services (CMS) rarely offers options like CAA-2023 without overwhelming evidence. She said the number of states adopting the option increases continually. Currently, 35 states have opted to extend postpartum coverage.

[4:04:49 PM](#)

DR. ZINK advanced to slide 9, Benefits to Alaskans, and spoke to the following points:

[Original punctuation provided.]

- Improves maternal health outcomes
  - Prevents gaps in health care coverage and improves health care access
- Improves maternal mental health
  - Mental health conditions contributed to 31% of pregnancy-associated deaths in Alaska between 2014 and 2018
  - 14% of Alaskan mothers who had a baby in 2020 had symptoms of postpartum depression
- Addresses disparities in maternal health outcomes
  - Medicaid plays a vital role in addressing disparities in maternal mortality and morbidity rates
- Improves child health outcomes
  - Parental enrollment in Medicaid is associated with a 29 % higher probability that a child will receive an annual well-child visit

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DR. ZINK turned to slide 10, and spoke to cost savings:

[Original punctuation provided.]

- The costs for providing Medicaid coverage for new mothers who would have otherwise lost or experienced a gap in coverage have been estimated using historical Medicaid claims data, but these costs do not take into account **potential savings and offsetting factors**.
- Savings from **averted severe maternal morbidity**: Medicaid-enrolled pregnant women with severe maternal morbidity cost an average of \$10,134 annually compared to \$6,894 for those without.
- Savings from **prevention**: Preventing gaps in coverage ensures access to primary and preventive care, including management of chronic conditions and screening for mental health conditions, substance use, and intimate partner violence.

[4:07:54 PM](#)

DR. ZINK moved to slide 11 and said the following organizations support extending postpartum Medicaid coverage:

[Original punctuation provided.]

The American College of Obstetricians & Gynecologists  
(ACOG)  
The American Medical Association  
The American Academy of Pediatrics  
The Society for Maternal-Fetal Medicine  
The American College of Physicians  
The American Academy of Family Physicians  
The American Hospital Association  
The American Psychiatric Association  
The American College of Cardiology  
The American Osteopathic Association  
The March of Dimes

[4:08:03 PM](#)

DR. ZINK said the postpartum extension fits the governor's healthy families initiative, which has three pillars: healthy beginnings, healthcare access, and healthy communities. She mentioned a four-year statewide initiative the governor is putting forward to make Alaska a better place to raise a family.

[4:08:35 PM](#)

MS. RICCI provided an overview of the sectional analysis for SB 58:

[Original punctuation provided.]

Section 1 Adds a new section (o) to AS 47.07.020, authorizing the department to implement an extension of postpartum Medicaid coverage up to the maximum period authorized under federal law.

Section 2 Amends the uncodified law to add the requirement for submission of a Medicaid state plan amendment to allow Medicaid beneficiaries to receive postpartum coverage for up to 12 months.

Section 3 Amends the uncodified law to establish the requirement that the commissioner of health notifies the revisor of statutes within 30 days of federal approval of the state plan amendment.

Section 4 Establishes that the postpartum extension takes effect on the day after the date the commissioner notifies the revisor of statutes as described above.

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DR. ZINK shared an anecdotal story of a mother with postpartum depression and how providing services was essential to the well-being of the mother and baby. Families are the foundation that society needs to invest in to build a strong future.

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SENATOR KAUFMAN asked how the department determined the estimated base of 1,596 women for the fiscal note.

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MS. RICCI stated that the department established the base of the fiscal note using data from 2018, which determined that 3,600 postpartum women either lost or experienced a gap in coverage following the 60 days of coverage. An estimated 1,600 women experienced a total loss of coverage, and 2,000 experienced a coverage gap between 60 days and one year. The average monthly cost per beneficiary during the ten months following the 60 days of Medicaid coverage was \$566. The federal government provides a 56.2 percent match.

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SENATOR DUNBAR asked what has driven the five-year trend that has increased Alaska's maternal mortality and morbidity rates.

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DR. ZINK said the reasons are multifactorial. In Alaska's death categorization data from 2015 to 2019, there are many deaths of despair, such as suicides, drug overdose, and homicides. Eighty-eight percent were considered preventable. Seventy-two percent involved substance abuse disorders. Seventy-one percent of the deceased were victims of interpersonal violence. Forty-four percent were associated with barriers to healthcare access. Seventeen were pregnant at the time of death. Six occurred within seven days of postpartum delivery. Four occurred between eight and 42 days of delivery. Seventy-three percent occurred greater than 42 days after postpartum delivery.

[4:15:57 PM](#)

REBEKAH MORISSE, Section Chief, Women's Children's and Family Health, Division of Public Health, Department of Health, Anchorage, Alaska, added that Alaska had seen an increase in chronic diseases, substance abuse, mental illness, and intimate partner violence. She stated that the department could provide the committee with a fact sheet.

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SENATOR DUNBAR said the fact sheet describes the deaths, but it does not address why there is an increase in substance abuse and mental illness. He opined that SB 58 is a necessary piece of legislation.

[4:17:33 PM](#)

SENATOR GIESSEL asked what the timeframe is for the implementation of SB 58.

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MS. RICCI replied that after SB 58 passes, it would take at least 12 months to implement since it will go through a Service Provision Assessment (SPA) and a public process. She said the department must also promulgate regulations to support SB 58.

[4:19:28 PM](#)

CHAIR WILSON opened public testimony on SB 58.

[4:19:50 PM](#)

BROOKE IVY, Vice President, Policy and Advocacy, Alaska Children's Trust (ACT), Juneau, Alaska, testified in support of

SB 58. She stated that SB 58 aligns with the purpose of ACT. SB 58 addresses primary prevention and is paramount to resolving Alaska's child abuse and neglect cases. SB 58 would give mothers time to deal with post-birth health complications, which research shows are associated with an array of adverse outcomes such as reduced safety practices and mother-child bonding. Reduced mother-child bonding is a primary predictor of child abuse. Forty-one percent of child neglect cases are children aged birth to four, with the highest at-risk age being birth to one. SB 58 also helps protect new parents from medical debt during the baby's first year, which reduces financial stress. Alaska ranks 44th in health according to the National Kids Count program. ACT supports improving health outcomes for families and is excited to join the other thirty-four states that passed the extension of postpartum coverage.

[4:22:14 PM](#)

MORGAN LIM, Lobbyist, Planned Parenthood Alliance Advocates (PPAA), Juneau, Alaska, testified in support of SB 58. Economic inequality, structural racism, and public health failures have collided, resulting in dire maternal health outcomes for Black and indigenous people in the US. He said the southwest region has the highest maternal mortality rates within Alaska. American Indians and Native Alaskans are twice as likely to die of pregnancy-related causes compared to white women. Black women are three times more likely to die from pregnancy-related causes than white women. Ensuring continuous care that addresses the leading causes of complications is essential to reducing maternal mortality rates in Alaska. He stated that 60 percent of all pregnancy-related deaths are preventable, and therefore expanding care could significantly reduce the maternal mortality rate. SB 58 takes a step towards improving maternal health outcomes and addressing disparities.

[4:24:47 PM](#)

JEANIE MONK, Senior Vice President, Alaska State Hospital and Nursing Home Association (ASHNHA), Juneau, Alaska, testified in support of SB 58. She stated that ASHNHA works to reduce maternal mortality and morbidity. ASHNHA is involved with the review process for maternal and child deaths. Access to care is a critical area for reducing death rates. She stated that she agreed with the statements made by others. From 2016 - 2022 almost half of the maternal deaths were associated with barriers to healthcare access.

[4:26:54 PM](#)

KC CASORT, representing self, Fairbanks, Alaska, testified in support of SB 58. She said Alaska's mortality rate is increasing and passing SB 58 would help reduce the rate. She encourages the House and Senate to pass SB 58.

[4:27:45 PM](#)

RENE O'HARA-JOLLEY, representing self, Anchorage, Alaska, testified in support of SB 58. She said SB 58 would save lives and shared an anecdotal story about the anxiety of having a newborn. She stated that everyone should have access to care and coverage to ensure people can raise happy and healthy children.

[4:29:21 PM](#)

JAMIE MORGAN, Government Relations Regional Lead, American Heart Association, Sacramento, California, testified in support of SB 58. She stated that the American Heart Association recognizes the importance of postpartum care, especially for women with heart disease.

[4:30:04 PM](#)

CHAIR WILSON closed public testimony on SB 58.

[4:30:20 PM](#)

SENATOR GISSEL suggested reporting SB 58 to avoid holding up its implementation.

[4:30:51 PM](#)

At ease.

[4:31:30 PM](#)

CHAIR WILSON reconvened the meeting.

CHAIR WILSON stated that while he agrees with Senator Giessel, SB 58 is an important piece of legislation, and members should have time to look at it before reporting it from committee.

[4:32:22 PM](#)

SENATOR GIESSEL asked if amending SB 58 would change the program and questioned holding it in committee.

[4:32:38 PM](#)

CHAIR WILSON replied that members might have comments or issues they want to include or discuss.

[4:32:42 PM](#)

CHAIR WILSON held SB 58 in committee.

4:33:49 PM

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 4:33 p.m.