

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

March 2, 2023

3:30 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Senator Löki Tobin

**COMMITTEE CALENDAR**

SENATE BILL NO. 57

"An Act relating to medical assistance for recipients of Medicaid waivers; establishing an adult care home license and procedures; providing for the transition of individuals from foster care to adult home care settings; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 8

"An Act repealing the certificate of need program for health care facilities; making conforming amendments; and providing for an effective date."

- REMOVED FROM AGENDA

**PREVIOUS COMMITTEE ACTION**

BILL: SB 57

SHORT TITLE: ADULT HOME CARE; MED ASSISTANCE

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

|          |     |                                 |
|----------|-----|---------------------------------|
| 02/06/23 | (S) | READ THE FIRST TIME - REFERRALS |
| 02/06/23 | (S) | HSS, FIN                        |
| 03/02/23 | (S) | HSS AT 3:30 PM BUTROVICH 205    |

**WITNESS REGISTER**

TONY NEWMAN, Acting Director  
Division of Senior and Disabilities Services  
Department of Health  
Juneau, Alaska

**POSITION STATEMENT:** Introduced and provided a sectional analysis for SB 57 on behalf of the administration.

STEPHANIE WHEELER, Long Term Care Ombudsman  
Alaska Mental Health Trust Authority  
Department of Revenue  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 57.

PATRICK REINHART, Executive Director  
Governor's Council on Disability and Special Education  
Department of Health (DOH)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 57.

MARGE STONEKING, Advocacy Director  
AARP Alaska  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 57.

JOHN LEE, representing self  
Palmer, Alaska

**POSITION STATEMENT:** Testified in support of SB 57.

KIM CHAMPNEY, Executive Director  
Alaska Association on Developmental Disabilities  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 57.

#### **ACTION NARRATIVE**

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**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 Kaufman, Dunbar, Giessel, and Chair Wilson.

#### **SB 57-ADULT HOME CARE; MED ASSISTANCE**

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**CHAIR WILSON** announced the consideration of SENATE BILL NO. 57 "An Act relating to medical assistance for recipients of Medicaid waivers; establishing an adult care home license and

procedures; providing for the transition of individuals from foster care to adult home care settings; and providing for an effective date."

He stated that the intention is to hear the introduction and take invited and public testimony.

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TONY NEWMAN, Acting Director, Division of Senior and Disabilities Services, Department of Health, Juneau, Alaska, stated that SB 57 would add to the array of services under the Alaska Medicaid Home and Community-Based Waiver Program. He provided a brief presentation to explain these waivers. He paraphrased the following:

Senior and Disabilities Services - Medicaid Home and Community-Based Waivers

- Allow people with disabilities and seniors to remain in their homes or local community settings when they would otherwise need institutional care
- Home and Community-Based Waivers receive a 50% Federal and 50% General Fund Match
- Alaska provides five home and community-based waivers:
  - Intellectual and Developmental Disabilities waiver (serving about 2,000 people)
  - Alaskans Living Independently waiver (2,200 people)
  - Children with Complex Medical Conditions waiver (225 people)
  - Adults with Physical & Developmental Disabilities waiver (144 people)
  - Individualized Supports waiver (500 people)

He provided examples of individuals who might receive the waivers. The idea of these waivers is to provide people with more independence and personal choice and save the state significant amounts of money.

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MR. NEWMAN displayed the array of services that are available under Alaska's Medicaid Home and Community-Based Waivers. He explained that some people receive just one of these services while others receive many at the same time. Some of the services are provided solely in assisted living homes and others can be

delivered in private homes. The common thread for people on waivers is that they all rely on care coordinators to set up support plans and help recipients maximize the resources in their community. Care coordinators are people who are either self-employed or they work for small agencies.

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MR. NEWMAN stated that SB 57 seeks to provide the people on waivers with a new service option that would be offered in a new type of licensed residential setting called an Adult Care Home. The vision is for the service and setting to be less burdensome administratively compared to existing assisted living homes but still ensures the residents' care and safety. He described an informal arrangement where a homeowner with a spare room offers the space but does not provide the needed services. The support service will ensure the safety and as much independence as possible for the recipient and adequate support for the caregiver.

MR. NEWMAN explained that constituents who were serving as foster parents to children with severe disabilities who were aging out of the foster system brought the idea for SB 57 forward. They found that the only available option was to turn their home into an assisted living home which required licensure and other red tape. After considering the matter, the department realized that a new type of home care setting could be broadly beneficial. SB 57 extends the possibility of adult home care to individuals with disabilities, including seniors, who qualify under the Medicaid Home and Community-Based Waiver Program. The administrative expectations for adult care homes will be different compared to assisted living homes. He acknowledged that a lot of the details have yet to be worked out. Should the bill pass, the department would develop regulations about the credentials and training caregivers would need, the space expectations, and pay, among other things. Input would be solicited from all stakeholders. At this point, SB 57 provides the conceptual framework to get started on this alternative.

CHAIR WILSON requested the sectional analysis.

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MR. NEWMAN presented the sectional analysis for SB 57.

SECTIONAL ANALYSIS  
Senate Bill 57: Adult Home Care Services

**Section 1.** Adds a new section in AS 47.07, Medicaid Assistance for Needy Persons, declaring that the state shall pay for adult home care services for an individual at a daily rate set by the department in regulation for individuals on Medicaid who are at least 18; enrolled in a home and community-based waiver under AS 47.07.045; if the individual's support plan is approved for adult home care services; and if the person providing the services to the individual holds an adult care home license issued under AS 47.32. This section also allows individuals to receive habilitative and rehabilitative care in addition to adult home care services and directs the department to adopt regulations setting a rate for the service, establish standards for operating an adult care home, and establish a procedure for transitioning an individual from a licensed foster care home to a licensed adult care home. This section also directs the department to establish a simple and efficient process to allow a foster parent who holds a foster home license issued under AS 47.32 to transition from the foster home license to an adult care home license for purposes of maintaining the placement of and services provided to an individual who is transitioning out of foster care, enrolled in a waiver, and at least 18 years of age.

**Section 2.** Amends AS 47.32.010(b) to add a new entity, "adult care homes," that shall be subject to the centralized licensing functions of the department.

**Section 3.** Adds a new section to AS 47.33 that defines the conditions under which the department may license an adult care home. A person may be licensed to operate such a home for an individual who is at least 18 years of age and enrolled in Medicaid and home and community-based waiver services. An adult care home may provide 24-hour oversight and care for up to two adults for compensation or reimbursement under the adult home care service, allows the department to establish standards in regulation to authorize care for up to three individuals based on unusual circumstances; and defines "care" as providing for the physical, mental, and social needs of an individual.

**Section 4.** Amends AS 47.32.900(2) to add adult care homes to the list of settings that are not defined as assisted living homes.

**Section 5.** Amends AS 47.32.900 to add a definition of adult care home, meaning a licensed home, not a business site, in which the adult head of household resides and provides 24-hour care on a continuing basis for eligible individuals.

**Section 6.** Amends uncodified law by adding a new section that requires the Department of Health to submit for approval by the United States Department of Health and Human Services an amendment to the state medical assistance plan, waivers, or an 1115 demonstration waiver as necessary to allow eligible individuals to receive adult home care services and other long-term care services that are not duplicative.

**Section 7.** Amends uncodified law by adding a new Conditional Effect Notification section specifying that Section 1 takes effect if the United States Department of Health and Human Services approves amendments to the state plan submitted under Section 6 by July 1, 2027, and adds requires the commissioner of health to notify the revisor of statutes in writing within 30 days that those amendments were approved.

**Section 8.** Provides for an effective date for any portion of section 1 as the day after the revisor of statutes receives notice from the commissioner of health, per Section 7.

CHAIR WILSON asked the committee if there were any questions.

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SENATOR DUNBAR asked how many states have a system that's exactly like what is being proposed and how many have something similar.

MR. NEWMAN offered to do some research to determine which states offer similar services. He explained that the challenge is that states can name the program as they choose and the services provided may differ somewhat because Medicaid waiver programs

are different in every state. Oregon, for example, has a similar program but those homes are called Adult Foster Care Homes.

SENATOR DUNBAR asked whether the research shows that similar programs are working.

MR. NEWMAN answered in the affirmative.

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SENATOR KAUFMAN asked whether somebody could declare their own home a care facility and be paid to receive services.

MR. NEWMAN replied that's the kind of question the department would need to discuss with the stakeholders and develop in regulations to avoid conflicts of interest and prevent fraud, waste, and abuse.

SENATOR KAUFMAN said he didn't think it was a bad idea for people to stay in their own home but he wondered about incentivizing something that might have occurred anyway. He expressed interest in hearing how that sort of situation could be filtered out by regulation.

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SENATOR GIESSEL recalled that during Covid a family member could be paid for providing care for a person who was staying in their own home.

MR. NEWMAN confirmed that under the public health emergency, the Centers for Medicare & Medicaid Services (CMS) permitted the department to lift the requirement that legally responsible individuals could not be compensated to provide care. That is still the case, but the state is looking at whether to continue that option.

SENATOR GIESSEL asked whether the department found or received reports of fraud, waste, and abuse related to legally responsible individuals receiving compensation for providing care.

MR. NEWMAN answered no; the department had not seen fraud, waste, and abuse outside the norm. The caveat is that the department doesn't know how widely this option has been used. The department is researching that question now, so the details will be forthcoming.

SENATOR GIESSEL said she'd appreciate the information.

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CHAIR WILSON if it was the homes or the caregivers that would require licensure.

MR. NEWMAN replied that the home setting would need to be licensed by the department and the caregiver would need to be certified by the Division of Senior and Disability Services to provide the adult home care service. He noted that the fiscal notes reflect added staff to handle the additional licensing and certifications.

CHAIR WILSON asked if the department envisions developing a new type of license and a new type of certification.

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MR. NEWMAN replied that it would be a new type of certified service that's informed by the existing types of certified services.

CHAIR WILSON asked whether he was aware that Arizona recently did away with the different types of licensure for caregiving and created a single license type for multiple settings. This recognizes that the difference between high certification and low certification might be a matter of 40 hours of training. The idea is to have a more unified caregiver workforce.

MR. NEWMAN replied he was not familiar with what Arizona had done but the Division is always interested in ways to be more efficient.

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CHAIR WILSON reconvened the meeting and opened public testimony on SB 57. He advised that written testimony could be submitted to [shss@akleg.gov](mailto:shss@akleg.gov).

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STEPHANIE WHEELER, Long Term Care Ombudsman, Alaska Mental Health Trust Authority, Department of Revenue, Anchorage, Alaska, stated support for SB 57 which will offer seniors an alternative to the existing service and living options. She said her agency's mission is to provide resident-centered advocacy that protects the rights, health, and safety of Alaskans who are living in long-term care settings. When they visit care settings

it is common to hear seniors voice their preference to find an assisted living home that is closer to the community where they used to live or where they have family. SB 57 would offer support for elders to remain in or near their community of preference and her agency believes in offering seniors options. She reiterated support for SB 57 and the choice it offers seniors.

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PATRICK REINHART, Executive Director, Governor's Council on Disability and Special Education ("Council"), Department of Health (DOH), Anchorage, Alaska, reminded the committee that the Council voiced support for SB 57 when they met with legislators recently and nothing had changed. SB 57 is another tool to provide services close to peoples' homes and in their communities. He asked the committee to review the points in the Council's position statement that they recently shared with legislators. He opined that the costs reflected in the fiscal note were minor compared to the potential savings to the state by not relying so heavily on institutional care. He expressed hope that the bill would pass.

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MARGE STONEKING, Advocacy Director, AARP Alaska, Anchorage, Alaska, stated support for the continued expansion and improvement of home and community-based waiver services to support the rapidly growing senior population. This includes offering a range of residential setting options because most people want to remain in their own homes and communities as they age. She said home and community-based services cost a fraction of the cost of a nursing home, but the home care workforce crisis combined with the rapidly aging population was threatening access to home and community-based services (HCBS) and driving people into assisted living or nursing homes. She warned that this could increase the Medicaid rolls as few people can afford long-term care in facilities such as nursing homes. She said the Adult Care Home model offers another tool that can appeal to both waiver participants and prospective workers. It is a solution that AARP welcomes. SB 57 will reduce the administrative burden for operators while offering seniors and others the option of a more home-like setting with lower-level services and fewer residents. It is important to support older Alaskans in aging in place with a participant-directed care service model. She said AARP supports SB 57 and looks forward to working with the department on the required regulations.

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JOHN LEE, representing self, Palmer, Alaska, testified in support of SB 57. He shared that as a former service provider in some of the most rural Alaskan communities, he was well aware of the challenges of offering services in these settings. The difficult choice is to leave the community to live in an assisted living facility, oftentimes in Anchorage, to have access to needed services. He opined that SB 57 will go a long way toward resolving this issue by providing care options closer to home. The care will be provided in a more home-like setting and potentially at a lower cost than an institution. He urged the committee to pass SB 57.

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KIM CHAMPNEY, Executive Director, Alaska Association on Developmental Disabilities (AADD), Juneau, Alaska, stated that the 80 members of AADD are developmental disability service providers and care coordinators who provide services statewide. They support the option SB 57 offers. She said the developmental disability vision states that services should support Alaskans living the lives they choose to live. The focus is to build a community-based system to meet the diverse needs of Alaskans. She highlighted the current workforce shortage and the impact this has on older Alaskans and people with disabilities. She said flexibility is essential and the more flexibility the system has, the better it will be in meeting the needs throughout the state. She shared a personal experience to emphasize the importance of providing flexibility for both caregivers and people who need services. She also described the impact that the rapidly growing senior population is having on the developmental disability workforce. She said AADD looks forward to working with its partners on the details if SB 57 passes.

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CHAIR WILSON closed public testimony on SB 57 and asked Mr. Newman to talk about how a caregiver would be paid, who would bill the state or Medicaid for the services, and how this differs from assisted living home billings.

MR. NEWMAN replied that the first step would be for the Division of Senior and Disabilities Services to work with the Office of Rate Review (which establishes Medicaid rates for services) to establish the rates for the services that would be offered. That hasn't happened. Under the existing system, the service providers bill Medicaid and file claims with the state to receive payment.

CHAIR WILSON recalled that when the committee reviewed Medicaid audits last year they found that assisted living homes had a lot of billing errors. He noted that the committee asked the department whether more technical assistance could be provided because difficulties with billing had been the cause for several homes closing over the years.

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MR. NEWMAN said one of the ideas behind SB 57 is to reduce the administrative requirements to encourage as many people as possible to choose this option.

CHAIR WILSON asked whether he or someone else from the Department of Health was available to talk about the potential to save money for the state if the bill were to pass.

MR. NEWMAN stated that a ballpark estimate is that the state would avoid spending \$427 million by providing care services to people in a setting that provides a lower level of care than nursing homes and care facilities. He acknowledged that it would be more expensive for people who are making do with less care than they need. The division weighed those factors and concluded that the cost to the Medicaid budget would be offset by the savings. That's why the bill doesn't have a fiscal note for the Medicaid services budget.

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CHAIR WILSON held SB 57 in committee.

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There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 4:09 p.m.