

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

January 18, 2024

3:32 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

PRESENTATION: STATE OF ALASKA DEPARTMENT OF HEALTH OVERVIEW

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

HEIDI HEDBERG, Commissioner
Department of Health (DOH)
Anchorage, Alaska

POSITION STATEMENT: Co-presented the Department of Health Overview.

EMILY RICCI, Deputy Commissioner
Department of Health (DOH)
Anchorage, Alaska

POSITION STATEMENT: Co-presented the Department of Health Overview.

ACTION NARRATIVE

[3:32:49 PM](#)

CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 3:32 p.m. Present at the

call to order were Senators Tobin, Kaufman, Giessel, Dunbar, and Chair Wilson.

PRESENTATION:
STATE OF ALASKA DEPARTMENT OF HEALTH OVERVIEW

[3:33:28 PM](#)

CHAIR WILSON announced the consideration of an overview by the Department of Health.

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HEIDI HEDBERG, Commissioner, Department of Health (DOH), Anchorage, Alaska, co-presented the Department of Health Overview that discussed the previous and upcoming 12-month periods. She moved to slide 2 and said July 1, 2023, marked the one-year anniversary since the bifurcation of the Department of Health and Social Services. DOH has focused on stakeholder engagement, behavioral health, complex care, transformation of care, and child care. DOH has met milestones. The five divisions that comprise DOH are:

Public Health
Public Assistance
Behavioral Health
Senior and Disabilities Services
Health Care Services

[3:36:31 PM](#)

MS. HEDBERG moved to slide 3 and said presentation topics would include:

[Original punctuation provided.]

SNAP Updates
Child Care Updates
Medicaid Redeterminations
Medicaid Payment Changes
Behavioral Health Updates
Home and Community Based Waiver Tool

[3:36:44 PM](#)

MS. HEDBERG moved to slide 4 and said when she became the commissioner of DOH in November of 2022, the Supplemental Nutrition Assistance Program (SNAP) was backlogged. The initial backlog was eliminated with assistance from the new Division of Public Assistance's leadership and processing design. For a short period, the SNAP applications were processed in a timely

manner. In fall 2023 a cascade of events occurred creating a current backlog. Events leading to the backlog included an end to the federal government's interview waiver, the change to the department's cloud-based document management system, and employees missing work due to a series of severe winter storms that closed public schools. She stated she contacted the federal government to extend the waiver on interviews, but the request was denied. To catch up, the department focused on training. There were 12,098 backlogged cases in December but as of January 18, 2024, the number of cases was down to 6,233. The department estimates the elimination of the backlog by the end of February.

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MS. HEDBERG said to prevent a backlog from occurring again the department will have a contractor work with DOH to improve training in the conducting of interviews. Also, through the workflow process management system, DOH can monitor the timely management of applications and assist eligibility technicians according to their needs. She stated employee turnover had decreased slightly and 22 new technicians were hired to focus on Medicaid.

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SENATOR TOBIN said she was cautiously optimistic about eliminating the backlog by the end of February. She stated many municipalities were impacted by the unusually severe winter storms. However, she opined that the state could have done more to prevent the cascade affect. She asked if departments have discussed how their decisions affect each other and if DOH had established remote work policies to avoid backlogs in the future.

MS. HEDBERG replied that DOH has telework policies. The closures caused by the storms affected the ability of employees with children to work. She said she did not reach out to other departments regarding snow removal.

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MS. HEDBERG moved to slide 5 and said that in addition to staff training, DOH is striving modernize the SNAP program by developing a system where Information Technology (IT), workforce support, and policy solutions work together so staff performance can reach its highest potential. Last year the legislature appropriated funds to update IT systems and the plans are coming to fruition. She described IT updates and benefits.

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MS. HEDBERG said DOH launched the SNAP online application on January 27, which is accessed through a portal on myAlaska. People can also apply for Medicaid through the portal. In its first week of use 500 clients applied for SNAP and the department found no issues, so a press release was issued informing the public of the ability to apply online. DOH has received approximately 11,000 online applications. Preliminary data shows the time to complete an application is short. Prompts help ensure the applications are complete before submission. Clerical staff have more face-to-face time with customers due to the efficiency of the online application process.

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MS. HEDBERG stated that in the first quarter of 2024 updates will include a self-service portal where clients can upload any document for all public service programs. The United States Department of Agriculture requires mid-year information checks on SNAP clients. The system will allow clients to update their SNAP application information online by spring. Implementation of advanced capture / intelligent scanning will also begin in the spring, reducing the need for the manual sorting of applications. In July 2024, clients will have the ability to check the status of their application through the self-service portal and opt-in to receive electronic updates. She added that DOH is on track to launch its integrated eligibility enrollment system in 2025.

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SENATOR DUNBAR asked if it is possible to integrate the online public assistance portal to assist with reducing cumbersome administrative processes and costs associated with obtaining approximately \$7 million in federal money for the Summer Electronic Benefits Transfer (EBT) lunch program for kids.

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MS. HEDBERG replied that the decision not to start the Summer EBT program was intentional because it is a heavy administrative burden. The primary focus of DOH is addressing the staff backlog and implementing the changes necessary to become an online system. The department can evaluate the program once current concerns are addressed. Food Nutrition Services (FNS) concurred. FNS and DOH continue to discuss ways to support communities and administer the food lunch program.

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SENATOR DUNBAR opined that it makes sense that in rural areas DOH would direct assistance to the community rather than the

individual. However, traditional implementation is better for urban areas. He stated his concern that IT system updates will occur without the ability to accommodate the EBT program. He asked if DOH could build the system to receive the program without costly changes.

MS. HEDBERG said she would follow up after evaluating current timelines.

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CHAIR WILSON asked if clients have given feedback on their experience with the SNAP updates.

MS. HEDBERG replied that only the SNAP online application was launched. One client emailed correspondence regarding an error message they received. DOH is receptive and will watch for feedback as more system changes occur.

[3:56:03 PM](#)

MS. HEDBERG moved to slide 6 and highlighted child care updates on funding initiatives and the governor's task force:

[Original punctuation provided.]

Grants for Child Care Providers

- Workforce stabilization:
\$7.5M total, applications
closed 1/15/2024
- Innovation: Over \$14M
awarded to 17 recipients

She illustrated several instances of how Alaskan communities had made use of the funds they received. She also announced that DOH has allocated the remaining portion of the American Rescue Plan Act (ARPA) funds, with an estimated value of \$12 and \$14 million, to a non-competitive grant for all licensed child-care workers. This grant, which is non-competitive and formula-based, encompasses a wide array of expenses. It aims to support licensed child-care providers with financial assistance for necessities such as mortgage or facility payments, expenses, health benefits, supplies, and other expenditures. The grant is administered through Thread.

[4:01:40 PM](#)

MS. HEDBERG continued slide 6, Child Care Updates:

Task Force on Child Care

- Established under AO 346
- **33 recommendations** spanning
 - Background Checks
 - Licensing
 - Workforce
 - Employers
 - Tribal Authority

MS. HEDBERG stated that the governor's task force includes a diverse array of child-care providers from across the state. The members were tasked with determining ways to increase access to child care. Focal points included background checks, licensing, workforce, employers, and tribal authority. The task force report includes 33 recommendations on these subjects. DOH has initiated the implementation of several recommendations and will put additional recommendations into action as funds become available.

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MS. HEDBERG stated that the task force would focus on quality, access, and subsidies in the second report. Discussion on the topics would occur from January to July, and a contractor would perform a study to identify the cost of care for Alaska.

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CHAIR WILSON referred to slide 5 and asked why only five of the six recommendations were listed.

[4:03:27 PM](#)

MS. HEDBERG replied there were six recommended topics. The first three included background checks, licensing, and workforce. The task force added two more areas to the first report. The second report would cover the other three recommended topics access, quality, and subsidies.

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CHAIR WILSON stated his understanding that completion of the full report would not occur until 2025. However, he wondered if DOH would put any of the 33 recommendations into action prior to its completion.

MS. HEDBERG replied yes.

CHAIR WILSON said he looked forward to seeing the report and implementations. He thanked Senator Tobin for serving on the task force.

[4:04:10 PM](#)

EMILY RICCI, Deputy Commissioner, Department of Health, Anchorage, Alaska, moved to slide 7 and provided an update on the Medicaid redetermination process. She said the Medicaid redetermination process emerged in response to the public health emergency of 2020, during which states were mandated to uphold continuous eligibility for all Medicaid recipients. Unenrollment was only permitted under specific circumstances. This requirement remained in place for approximately three years, concluding in March 2023. Subsequently, all states were tasked with undertaking a significant and demanding endeavor to review the eligibility determinations of all Medicaid recipients within a defined timeframe and according to specified criteria.

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MS. RICCI spoke to the following actions taken by DOH regarding redeterminations:

[Original punctuation provided.]

Medicaid Redeterminations

Where are we at?

- Initiated over 90,000 redeterminations
- Negotiated with CMS additional time for redeterminations
- Implemented new mitigation strategies
- New access to data for partners

[4:11:06 PM](#)

Ex Parte (Automated) Process

- Identified system errors impacting disenrollments (Aug/Sep)
- Pause certain disenrollments until updates in place
- Working with federal data services to update and fix system
- Updates will increase successful automated renewals

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CHAIR WILSON stated that during the Health Chairs Conference he led the Medicaid Innovation Summit for the Council of State Governments (CSG). He learned that Alaska is one of the states

with the lowest redetermination error rates and leads in the number of completed redeterminations. He said he wished the media had published this information to raise the morale of staff. He asked if the time extension to 18 months creates separate end dates for rural and urban communities and if so, what defines each type.

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MS. RICCI responded that the answer is complex. She explained that DOH utilizes the rural definition employed by SNAP and the Division of Public Assistance. To the extent possible, DOH postponed initiating renewals through the ex parte process for individuals in specific rural areas. However, some residents in rural areas would have had their eligibility renewed during summer and early fall, so DOH couldn't halt their redeterminations. While some individuals' applications were held until winter, others had their eligibility and renewals processed during summer and early fall. Considering the diverse locations and methods used by DOH to identify individuals for renewals, the additional six months negotiated with CMS allowed flexibility in managing the volume of redeterminations. She stated her belief that the department has sufficient flexibility to process the rural determinations over winter. Nevertheless, if the process extends into spring and summer, DOH has implemented mitigation measures such as data sharing with tribal health organizations and extended retroactive reinstatement periods for late renewals.

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MS. RICCI moved to slide 8 and said the bar graph shows that over an 18-month period, DOH scheduled approximately 11,300 renewals or redeterminations per month over the nine-month period, January to September 2024. The graph also shows renewals from April to December 2023. The renewals vary in number completed, ranging from 9,402 to 26,003, and were in various stages of completion. Although DOH can plan for a static volume of redetermination cases, the reality is the volume fluctuates monthly.

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MS. RICCI moved to slide 9 and spoke to Medicaid savings and the tribal reclaiming initiative. She said DOH considers it important to effectively identify how to use general funds to support the Medicaid program. The Division of Health Care Services has established and leveraged opportunities to receive a 100 percent federal match for services provided to a Medicaid

beneficiary who is also a member of a tribal health organization. She spoke to reasons for growth in the program:

[Original punctuation provided.]

Fiscal	Total State
Year	GF Savings
2017	\$34,781,840
2018	\$45,186,960
2019	\$72,647,135
2020	\$95,118,333
2021	\$57,467,871
2022	\$74,412,331
2023	\$124,551,810
Total	\$504,166,280

- Tribal reclaiming allows states to submit claims for 100% federal match for services outside a Tribal facility under certain conditions.
- The Tribal Reclaiming Unit works closely with the Alaska Tribal Health System to maximize federal match.

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MS. RICCI moved to slide 10 and discussed Medicaid payment changes:

- Diagnosis-Related Groups (DRG) inpatient reimbursement
 - Went live 1/1/2024
- Comprehensive Medicaid rate review RFP released
 - First round to focus on:
 - Behavioral health
 - Long-term care services and supports
 - Federally Qualified Health Centers
 - Nonemergent medical transportation

[4:23:52 PM](#)

MS. RICCI moved to slide 11 and opined that the engine of the Medicaid program is claims payment, adjudication, and processing, therefore the Division of Health Care Services (DHCS) is the engine since it is responsible for claims payment and adjudication. She stated the transitions taking place in DHCS were going well:

[Original punctuation provided.]

Medicaid Fiscal Agent and Claims System

- Fiscal agent and Medicaid Management Information System (MMIS) are responsible for processing and paying most Medicaid claims
- Transitioned to new fiscal agent 4/1/2023 for the first time in a decade
- Reprocuring new contract for claims adjudication system - to be effective 1/1/2025
- New contracts focus on enhancing customer service and vendor accountability

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CHAIR WILSON questioned whether the situation with fiscal agents and MMIS involves genuine changes in vendors, locations, and staff, or if it's merely a superficial transition with the same management.

[4:26:12 PM](#)

MS. RICCI replied that the fiscal agent contract is held by Health Management Systems (HMS) Gainwell and is a completely different company from Conduent.

[4:26:25 PM](#)

CHAIR WILSON asked if the business location had changed or if it is the same as the payer agent.

MS. RICCI said there were some employees who transitioned from Conduent to Gainwell in April. Currently, like other employers, the fiscal agent is experiencing workforce challenges. HMS Gainwell has new locations but is largely based out of a building in Anchorage. Filling staffing gaps is a struggle.

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CHAIR WILSON asked if HMS also has the contract for Medicaid audits.

MS. RICCI replied that most of the audit work is done by Myers and Stauffer.

[4:27:56 PM](#)

CHAIR WILSON asked whether HMS does any Medicaid claim work.

MS. RICCI replied she would report back to the committee.

[4:28:17 PM](#)

CHAIR WILSON requested that if the response is affirmative, include in the response how the auditing process is managed alongside claim processing.

[4:28:30 PM](#)

MS. RICCI stayed on slide 11 and said in relation to the adjudication system, DOH is working to reprocur contracts. Currently, DOH is procuring the contract for Medicaid Management Information Services (MMIS), the actual claims adjudication system that supports most of the Medicaid payment. She said the procurement and results would take effect on January 1, 2025. With both contracts, DOH is highly focused on customer service and vendor accountability.

[4:30:06 PM](#)

MS. RICCI moved to slide 12 and said most Medicaid claims are paid out of the MMIS and Fiscal Agent systems. However, some claims specific to behavioral health services are paid through a contract that is held in the Division of Behavior Health through an administration services organization that is currently held by Optum. She said most behavioral health claims are paid through a single Medicaid system. By January 1, 2025, DOH wants all payments to go through MMIS and Fiscal Agent systems as it will standardize and centralize payments for Medicaid claims. She opined this would result in more timely and accurate payments to behavioral health providers. The future state of behavioral health claims will also build out support for behavioral health care providers.

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CHAIR WILSON asked if Optum's contract ends in 2025.

MS. RICCI replied that the contract with the current ASO Optum would expire at the end of calendar year 2024.

CHAIR WILSON asked if DOH has seen improvements in timely payments to contractors. He recalled some contractors are owed millions of dollars and mentioned the state could sever its relationship with Optum for breach of contract.

[4:33:52 PM](#)

MS. RICCI replied DOH continues to work on improving the service behavioral health care providers receive. Ultimately moving into the MMIS systems will address the issue faster. Claim transitions are complex and the deputy director of Behavioral Health is taking action to make the transition successful.

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CHAIR WILSON inquired whether DOH plans to present any 1115 Waivers during this session that the legislature should anticipate.

[4:35:12 PM](#)

MS. RICCI responded that discussion on 1115 Waivers would occur later in the presentation.

[4:35:24 PM](#)

MS. RICCI moved to slide 13 and said the continuum of care for behavioral health is a huge area of focus for DOH. The department has talked about the issue with committee members, stakeholders, and communities statewide. There is a lot of work happening on the topic of continuum of care. She spoke to three programs with distinct populations.

- The Comprehensive Integrated Mental Health Program Plan is reviewed and updated every five years. The program looks for available services, gaps in service, and planning for the future of all Alaskans regardless of needs or age.

- Inside of the comprehensive program resides the Behavioral Health Roadmap for Alaska Youth. DOH again connected with communities to learn specific needs, identify solutions, and determine how to integrate the solutions into a statewide plan.

- The roadmap considers the Department of Justice Report issued a year ago. The report focuses on Medicaid eligible Alaska Youth at risk for institution.

She added DOH also focuses on complex care that spans all ages but includes individuals who have co-occurring needs across multiple divisions or departments.

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At ease

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CHAIR WILSON reconvened the meeting.

[4:39:07 PM](#)

There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Committee meeting at 4:39 p.m.