ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
March 19, 2024
3:31 p.m.

MEMBERS PRESENT

Senator David Wilson, Chair
Senator Löki Tobin
Senator Forrest Dunbar
Senator Cathy Giessel

MEMBERS ABSENT

Senator James Kaufman, Vice Chair

COMMITTEE CALENDAR

SENATE BILL NO. 233
"An Act relating to the day care assistance program."

- HEARD & HELD

SENATE BILL NO. 241
"An Act relating to medical assistance demonstration projects established by the Department of Health."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 233
SHORT TITLE: CHILD CARE PROVIDER EDUCATION REQUIREMENT
SPONSOR(s): SENATOR(s) DUNBAR

02/15/24	(S)	READ THE FIRST TIME - REFERRALS
02/15/24	(S)	HSS
03/19/24	(S)	HSS AT 3:30 PM BUTROVICH 205

BILL: SB 241
SHORT TITLE: MEDICAL ASSIST. DEMONSTRATION PROJECTS
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/19/24	(S)	READ THE FIRST TIME - REFERRALS
02/19/24	(S)	HSS
03/05/24	(S)	HSS AT 3:30 PM BUTROVICH 205

03/05/24	(S)	<Bill Hearing Canceled>
03/19/24	(S)	HSS AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

RIA SMYKE, Staff
Senator Forrest Dunbar
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Provided the sectional analysis for SB 233.

ROBIN DEMPSEY, CEO
Catholic Social Services
Anchorage, Alaska
POSITION STATEMENT: Invited testimony for SB 233.

BRIGET REYNOLDS, Program Director
Refugee Assistance and Immigration Services
Catholic Social Services
Anchorage, Alaska
POSITION STATEMENT: Invited testimony for SB 233.

ASIA AMINI, Specialist
Refugee Education and Employment Food Services
Refugee Assistance and Immigration Services
Catholic Social Services
Anchorage, Alaska
POSITION STATEMENT: Invited testimony for SB 233.

LORI PICKETT, Executive Director
Alaska Literacy Program
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 233.

HILARY PORTER, Deputy Director
Division of Public Assistance
Department of Health
Juneau, Alaska
POSITION STATEMENT: Answered questions on SB 233.

EMILY RICCI, Deputy Commissioner
Department of Health (DOH)
Juneau, Alaska
POSITION STATEMENT: Answered questions on SB 233; Co-presented SB 241 and offered the sectional analysis.

HEIDI HEDBERG, Commissioner

Department of Health
Anchorage, Alaska
POSITION STATEMENT: Introduced SB 241 on behalf of the administration.

ANNE ZINK, MD
Chief Medical Officer
Department of Health
Anchorage, Alaska
POSITION STATEMENT: Co-presented SB 241.

ACTION NARRATIVE

3:31:18 PM
CHAIR DAVID WILSON called the Senate Health and Social Services Standing Committee meeting to order at 3:31p.m. Present at the call to order were Senators Giessel, Tobin, Dunbar, and Chair Wilson.

SB 233-CHILD CARE PROVIDER EDUCATION REQUIREMENT

3:32:08 PM
CHAIR WILSON announced the consideration of SENATE BILL NO. 233 "An Act relating to the day care assistance program."

3:32:36 PM
SENATOR FORREST DUNBAR, District J, speaking as the sponsor of SB 233 stated there is a childcare affordability and access crisis in Alaska, which is harming the state in a variety of ways. He noted that if the department addresses the issue through regulatory change, SB 233 will not need to go through the legislative process. He paraphrased the following sponsor statement:

[Original punctuation provided.]

SPONSOR STATEMENT
SB 233: CHILD CARE PROVIDER EDUCATION REQUIREMENT

> Senate Bill 233 will allow childcare workers to become licensed providers in the day care assistance program without being required to pass a high school equivalency test or gain a high school diploma. This will increase childcare availability in Alaska and provide employment opportunities, particularly for otherwise qualified refugee and immigrant communities

who are ready to work and contribute in this vital industry.

Alaska has a lack of childcare services and workers, which has a profound effect on the state's economy. New arrivals come to the U.S. with varying backgrounds. Some must flee at a moment's notice and don't have time to grab documents, such as diplomas. New arrivals may have spent decades in a refugee camp where education is not readily available; others may be coming from countries that lack educational systems due to political arrest. Many of these new arrivals have children. While they may not have formally participated in the field of childcare, they have the experience needed to thrive in this profession.

Currently, the Childcare Assistance regulation 7 AAC 41.200 requires that Approved Relative Providers or Approved In-Home Providers must be at least 18 years old, have a high school diploma, general educational development (GED) diploma, or an equivalent. This provides a barrier to some individuals who are attempting to become licensed childcare providers in Alaska.

SB 233 would allow more people to enter the childcare workforce who would still be subject to all other regulations and requirements of the profession. This would not only benefit immigrants and refugees, but also longtime residents who have childcare experience and do not have a high school diploma or GED. Increasing childcare in Alaska will allow more parents to return to the workforce, earn income and support the state economy. I urge you to support SB 233.

3:34:38 PM
RIA SMYKE, Staff, Senator Forrest Dunbar, Alaska State Legislature, Juneau, Alaska, provided the sectional analysis for SB 233:

[Original punctuation provided.]

Sectional Analysis
SB 233: CHILD CARE PROVIDER EDUCATION REQUIREMENT
"An Act relating to the day care assistance program."

Section 1: Amends AS 47.25.001: Powers and duties.

Allows a person to provide childcare in the day care assistance program without passing a high school equivalency test or having a high school diploma.

3:35:05 PM
SENATOR GIESSEL mentioned hearing frequently that wages for child care workers are very low, and there is a desire to raise the status of child care staff. She expressed discomfort with lowering qualifications in response to this issue. She asked whether it would be appropriate to create a structure similar to teachers and teaching assistants, where there could be a child care provider and a child care assistant category, the latter not requiring a high school diploma or equivalent.

3:36:02 PM
SENATOR DUNBAR expressed agreement with the desire to raise wages for child care professionals but noted that the wage issue is somewhat distinct from the current discussion. He mentioned that testimony will be heard from representatives of Refugee Assistance Services (RAIS) ran and the Alaska Literacy Program. He emphasized that many individuals are qualified and trained to be excellent child care providers but lack government-recognized credentials. He compared this to last year's changes to commercial driver's license (CDL) requirements, where certain qualifications were waived to include capable individuals from Ukraine. He suggested exploring alternative qualification standards to allow more people to enter the child care profession while maintaining quality through other regulatory requirements.

3:37:46 PM
SENATOR TOBIN acknowledged that this issue has been discussed extensively in the Child Care Task Force, where she serves. She highlighted the challenges immigrant and refugee populations face in providing in-home care and the concerns some families have about caregivers from different cultural backgrounds. She requested input from the department, noting it would likely create regulations to address the issues that SB 233 also seeks to resolve. She specifically inquired whether the department would have someone on staff and what safety nets it would put in place.

3:38:59 PM
SENATOR DUNBAR agreed and stated that in-home child care is an important aspect of the conversation. He highlighted the imbalance between provider compensation and family

affordability. He noted that, like other states, Alaska is realizing that direct financial support is necessary because the free market does not function effectively in this economy. He emphasized that child care is essentially infrastructure.

3:40:10 PM
ROBIN DEMPSEY, CEO, Catholic Social Services, Anchorage, Alaska, said that as an agency focused on promoting stable incomes and permanent stability, CSS works closely with individuals from diverse backgrounds, particularly women in the Refugee Assistance and Immigration Service (RAIS) program. She highlighted two main concerns from mothers seeking employment: the difficulty in finding childcare in Anchorage and the struggle of leaving their children with someone who does not understand their culture or speak their language. She emphasized the need for more culturally appropriate and multilingual childcare providers.

MS. DEMPSEY noted that CSS works with many women who have childcare experience but are unable to apply for positions due to the GED requirement, which she argued does not measure competency or experience in childcare. The removal of this requirement, she stated, will help qualified individuals, including RAIS clients, gain employment and expand the number of childcare providers in the state. She also shared that the number of new arrivals in the RAIS program has increased by 250 percent, growing from 21 in 2021 to 582 in 2023, resettling across the state. She concluded that removing the GED requirement will create new employment opportunities and improve Alaska's childcare system.

3:42:56 PM
BRIGET REYNOLDS, Program Director, Refugee Assistance and Immigration Services, Catholic Social Services, Anchorage, Alaska, strongly expressed that the GED requirement creates unnecessary obstacles for individuals with valuable childcare experience. In her role working with refugees and new arrivals in Alaska, she has witnessed hundreds of people, particularly from Ukraine, Afghanistan, and the Democratic Republic of the Congo, arriving in recent years. RAIS (Refugee Assistance and Immigration Services) provides these individuals with tools for self-sufficiency, including employment services aimed at helping them support their families while contributing to Alaska's economy.

3:43:52 PM

MS. REYNOLDS noted that many of these individuals, especially mothers, have significant childcare experience but struggle to enter the workforce due to childcare responsibilities and a shortage of culturally appropriate daycare options. Parents are concerned about leaving their children with providers who do not speak their language or understand their culture. Anchorage urgently needs more childcare providers who are culturally sensitive and multilingual, as over 100 languages are spoken by students in the local school district. She emphasized that many RAIS clients, who are skilled, compassionate, and multilingual caregivers, face barriers to employment due to the GED requirement. Removing this requirement would allow these qualified individuals to enter the workforce, increasing the availability of childcare and meeting the community's need for culturally competent providers.

3:45:27 PM
ASIA AMINI, Specialist, Refugee Education and Employment Food Services, Refugee Assistance and Immigration Services, Catholic Social Services, Anchorage, Alaska, from Afghanistan and a peer leader with the Alaska Literacy Program, testified in support of SB 233, which seeks to remove the GED requirement for child care providers. She shared that many women in her community, including herself, face challenges entering the workforce because they are at home with small children. Some day care waitlists in Alaska are one to two years long. She recounted a friend's experience, where the lack of English proficiency made it difficult to secure daycare for her child.

3:46:30 PM
MS. AMINI emphasized the need for more daycare workers who speak the languages of Afghanistan but noted that the GED requirement is a significant barrier. Many Afghan women, despite having experience in raising their own children, cannot work in daycare due to the time-consuming process of obtaining a GED. She highlighted that removing this requirement would allow more women to work in daycare, which would also free other women to pursue employment. She concluded that eliminating the GED requirement would help Afghan women and others from various countries overcome this barrier.

3:47:43 PM
LORI PICKETT, Executive Director, Alaska Literacy Program, Anchorage, Alaska, described SB 233 as a crucial step toward removing the barrier that requires child care providers to have a GED or high school diploma in order to participate in the child care assistance program. She explained that the Alaska

Literacy Program provides education and job training to adult learners, helping them acquire a GED, assist their children in school, access health care, and navigate their new country. Last year, the program served 892 students from 72 countries who spoke 56 languages, with a projection to serve over 1,000 students this year. Many of these students have fled war and unrest, which has prevented them from completing formal education or accessing high school records.

3:48:45 PM
MS. PICKETT emphasized the statewide workforce gap caused by a lack of childcare and stressed that removing barriers for both workers and providers is in the public's best interest. The GED requirement, she argued, does not reflect a person's ability to provide child care and hinders immigrants from contributing fully to society. Many immigrants, who come from cultures that value family and community, bring strong work ethics and nurturing instincts, making them ideal candidates for the child care workforce. She urged support for SB 233, noting that removing unnecessary barriers will allow immigrants to fill workforce gaps and contribute to Alaska's economic growth.

3:50:31 PM
CHAIR WILSON opened public testimony on SB 233; finding none, he closed public testimony.

3:51:32 PM
HILARY PORTER, Deputy Director, Division of Public Assistance, Department of Health, Juneau, Alaska, introduced herself and offered to answer questions.

3:51:42 PM
SENATOR DUNBAR stated that he had discussions with the department and noted that a regulatory change is planned, which will hopefully resolve the issue. He asked for a brief description of the planned change.

MS. PORTER confirmed that the department is moving forward with a drafted regulation change to remove the GED requirement. She stated that the draft has been submitted and is currently under review. This barrier was identified through the work of the Task Force.
3:52:23 PM
CHAIR WILSON asked what task force.

MS. PORTER replied that she was referring to the Governor's Task Force on Child Care.

SENATOR DUNBAR expressed satisfaction with the answer and inquired about the department's efforts to improve the status of child care and maintain its quality while removing barriers, such as the GED requirement.

3:53:01 PM
MS. PORTER acknowledged that there have been many discussions about wages for child care workers through the Governor's Task Force on Child Care. She noted that the department is reviewing those comments and considering options but could not provide further details at this time. However, she assured that the department is aware of the issue and is exploring ways to improve it.

3:53:31 PM
SENATOR TOBIN asked what additional safeguards and components the department is putting in place to reassure the public that the child care system will remain safe and well-regulated, ensuring providers continue to protect vulnerable Alaskans as the GED requirement is removed.

MS. PORTER emphasized that quality remains a major focus in child care, including the qualifications of workers. She mentioned that there is training available through organizations like Thread, a statewide child care resource and referral network. Programs such as Seed and Roots recognize child care workers for their training achievements, whether through the university, Thread, or Learn and Grow, another organization. Although she did not recall all the specific training levels, she noted that there are approximately 13, and workers can progress through these levels to become highly qualified, even without a GED or high school diploma. She stressed that maintaining quality remains a requirement for both providers and workers.

SENATOR TOBIN asked for examples of other qualifications a provider might need.

3:55:24 PM
MS. PORTER explained that health and safety are key concerns, and background checks are a mandatory part of the department's quality initiatives. She added that child care providers are still required to obtain a business license and must be at least 18 years old to work in child care, ensuring that all providers are adults.

3:56:05 PM
SENATOR GIESSEL found it helpful to learn about the available training programs and asked whether individuals are required to complete a training program.

MS. PORTER replied that individuals are both encouraged and required to take training. Providers can complete basic training or pursue advanced levels to earn a certificate. While this certificate is not equivalent to a diploma or GED, it acknowledges the training and qualifications of the provider or worker.

SENATOR GIESSEL asked if individuals, despite not having a GED or equivalent, will still be required to understand child safety laws, such as mandatory reporting in cases of suspected abuse.

MS. PORTER confirmed that compliance is a key part of the process. Even after someone is licensed, inspections are conducted twice a year—one planned and one unplanned—to ensure providers maintain quality and employ qualified individuals. If any issues arise, the department has measures to address them and work with the provider to achieve compliance.

3:57:40 PM
SENATOR GIESSEL clarified that her question referred to in-home child care providers rather than child care facilities. She asked what in-home child care providers will be required to know and understand about laws, such as mandatory reporting and child safety regulations.

MS. PORTER replied the requirements for licensing, mandatory reporting and safety regulations are essentially the same.

3:58:25 PM
CHAIR WILSON asked if there are other regulations that the task force identified as a hindrance, such as outdoor play space and infants.

3:58:58 PM
MS. PORTER replied that although there was conversation about that specific issue, no action was taken.

3:59:15 PM
CHAIR WILSON asked if the only regulatory change the department is currently considering for child care providers is the removal of the high school diploma or GED requirement

3:59:39 PM
MS. PORTER replied other changes are being worked on.

CHAIR WILSON asked for a list to be provided to the committee.

MS. PORTER confirmed that the department is working on additional changes to their licensing regulations beyond just the high school diploma or GED requirement.

CHAIR WILSON asked that she provide the list of changes to the committee.

MS. PORTER said she would provide more information about licensing regulation changes to the committee.

4:00:15 PM
SENATOR GIESSEL stated that a regulatory package typically takes about a year to complete. She then asked about the current stage of the department's progress on GED and high school diploma regulatory change.

MS. PORTER stated that the regulatory package is currently with the Department of Law. The department has requested a July 1 effective date and is hopeful it will meet that timeline.

SENATOR GIESSEL asked if the public comment period has already taken place.

MS. PORTER replied no, the department had not reached that phase.

SENATOR GIESSEL asked when the public hearing and feedback stage will occur.

4:01:18 PM
EMILY RICCI, Deputy Commissioner, Department of Health (DOH), Juneau, Alaska, explained that the time required to complete the regulatory process can vary, depending on the extent of changes and the volume of public comments. She noted that the Division of Public Assistance and the Commissioner's Office are working closely with the Child Care Task Force, specifically on the regulations related to the GED requirement, which are already underway. The duration of the process depends on several factors discussed, but the department may implement additional changes aligned with the Task Force's work. She anticipated that regulatory changes will be approved and rolled out on multiple dates, depending on the progress of the Task Force.

4:02:25 PM
SENATOR GIESSEL pointed out that the department has not yet held a public comment period, which will take time and require proper notice. She questioned whether the proposed July 1 effective date is realistic.

MS. RICCI acknowledged that July 1 is the department's goal for the effective date.

4:03:16 PM
SENATOR TOBIN commented that there was a great presentation in the Senate Education Committee on the progress of the Child Care Task Force. She suggested that it would be helpful for the current committee to hear how the Task Force's work aligns with programs like Parents as Teachers, which is part of the Department of Health.

CHAIR WILSON replied that he would look into scheduling a presentation.

4:03:54 PM
SENATOR DUNBAR thanked the committee for hearing SB 233, the Department for working with his office and presenting, and the testifiers for their support. He emphasized that while the bill is important, the real focus is on the change, which he believes can and will be achieved through regulation. He reiterated his gratitude to the department and clarified that he does not intend to move SB 233 forward unless the regulatory changes fall through, in which case he would bring it back next year.

4:04:31 PM
CHAIR WILSON held SB 233 in committee.

4:04:42 PM
At ease

SB 241-MEDICAL ASSIST. DEMONSTRATION PROJECTS

4:06:01 PM
CHAIR WILSON reconvened the meeting and announced the consideration of SENATE BILL NO. 241 "An Act relating to medical assistance demonstration projects established by the Department of Health."

CHAIR WILSON stated SB 241 the companion bill to HB 344.

4:06:59 PM
HEIDI HEDBERG, Commissioner, Department of Health, Anchorage, Alaska, introduced SB 241 on behalf of the administration by explaining that it will grant the Department of Health (DOH) permission to apply for a Medicaid demonstration waiver. The waiver is intended to improve the health of Alaskans and reduce healthcare costs.

4:07:36 PM
ANNE ZINK, MD, Chief Medical Officer, Department of Health, Anchorage, Alaska, introduced herself.

4:07:43 PM
EMILY RICCI, Deputy Commissioner, Department of Health (DOH), Juneau, Alaska, moved to slide 2, a map of the United Stated showing total health care expenditures per capita for 2020. She emphasized that Medicaid is a critical component of Alaska's healthcare delivery system, covering about 38 percent of Alaskans. She highlighted its importance as an insurer in the state and noted that it shapes the healthcare delivery system which responds to what is being paid for and the services provided. She pointed out that healthcare expenditures in Alaska and the U.S. are very high, prompting the need to assess whether the outcomes match the investments being made at both the state and national levels.

MS. RICCI explained that if the outcomes are not aligning with the investments, it's important to examine the system and find ways to leverage those investments to improve results. Given Medicaid's role in Alaska, she stressed that the state has an opportunity to address unmet needs and identify gaps where there is a disconnection between investment and outcomes.

4:09:18 PM
MS. RICCI moved to slide 3, a chart of Alaska Medicaid utilization, illustrating a key concept in health insurance, showing how a small percentage of Medicaid beneficiaries account for a large portion of the spending. She explained that about 5 percent of beneficiaries represent 50 percent of Medicaid spending, which totaled approximately $1.3 billion in state fiscal year 2023. Additionally, 10 percent of beneficiaries account for 67 percent of the spending, or about $1.7 billion.

MS. RICCI noted that as the state looks to create a sustainable Medicaid program, it is essential to focus on areas where individuals with high acute needs are consistently engaging with the system. The goal is to find ways to improve both outcomes

and the program's fiscal sustainability. She said today's presentation would focus on those unmet needs disproportionately affecting this high-cost portion of the Medicaid population and explore alternatives to address them.

4:10:35 PM
MS. RICCI moved to slide 4 a graph depicting the utilization of Alaska's emergency department. She explained that the graph provides another perspective on individuals with acute needs who are using the healthcare system inefficiently or inappropriately. The graph outlines the number of patients with more than 10 emergency department visits per year, as well as the median number of visits for those individuals. She highlighted that, once again, a small portion of the population with very acute needs is utilizing the system at highly intense levels.

4:11:10 PM
CHAIR WILSON asked whether the data had been broken down into the types of visits, specifically whether the visits were for medical or behavioral health issues.

MS. RICCI explained that when the data was broken down and examined in more detail, it was found that a high percentage of these cases involved a behavioral health diagnosis.

4:11:43 PM
DR. ZINK on slide 4, explained that the data highlights a critical issue, particularly with patients who cycle through the emergency department repeatedly without receiving the necessary care. She shared that this experience initially drove her into policy work, as she observed both the significant time and money spent on patients, yet without addressing their real needs due to systemic shortcomings. She noted that systems, which can be controlled and changed, are often failing patients. Referring to the highest utilizers—those with over 75 visits per year—she stated that all had a behavioral health diagnosis coded within the last six months. She explained the complexity of distinguishing the root cause, as physical ailments like heart failure or autoimmune diseases can lead to conditions like degenerative bone disease, which may require opioids, and result in depression. She emphasized the close connection between physical and mental health, adding that although healthcare payment systems often separate them, both are deeply intertwined. In the case of the highest utilizers, a high percentage had behavioral health diagnoses.

4:13:13 PM
CHAIR TOBIN sked about the intersection of dental health and its impact on high utilizers, specifically how plaque buildup might lead to further health consequences. She also inquired about the age breakdown of the high utilizers, asking if they tend to be older, younger, or middle-aged individuals.

4:13:51 PM
DR. ZINK said the department would provide the committee with a broader age breakdown. She noted that Alaska data can be challenging due to small sample sizes, highlighting that there were seven patients with over 100 visits, with one individual having over 200 visits per year. Some high utilizers, such as a patient with over 300 visits annually for almost a decade, have since passed away, making generalizations difficult in small numbers. Regarding dental health, she explained that the waiver primarily focuses on health-related needs such as food, transportation, and housing, and while they will discuss diet-sensitive conditions, dental care wasn't specifically broken out in the data. She added that, as a physician, it can be difficult to directly attribute dental conditions like inflammation leading to cardiovascular disease because emergency department visits might focus on the immediate issue, such as a heart attack. Although dental care can be a contributing factor, it's hard to account for on an individual level.

4:15:20 PM
CHAIR WILSON humorously commented that at a healthcare conference, teeth were referred to as "luxury bones" since many insurance companies don't cover dental care, even though neglecting dental health can lead to major chronic conditions.

4:15:47 PM
DR. ZINK moved to slide 5, pointed out that taking care of these issues is important, as they have broader impacts on overall health. She explained that the department is focused on addressing the whole person—behavioral, mental, and physical health—while recognizing that aspects like dental care also play a role in overall health. She then noted that individuals with multiple chronic conditions tend to be much more expensive for the system, with costs significantly increasing for those with eight or more chronic conditions, up to $81,000 annually. She highlighted that some conditions are modifiable, like those influenced by diet and lifestyle, while others are not. She pointed out that over two-thirds of Alaskans have one or more chronic conditions and discussed modifiable diet-related conditions such as obesity (68 percent), hypertension (31

percent), high cholesterol (27 percent), diabetes (8 percent), and heart disease (5 percent). These conditions contribute to high healthcare costs and mortality. She emphasized the importance of addressing these issues early, as the cost of treating just one chronic condition adds approximately $7,500 per individual. She also referenced the Fresh Start program, a public health initiative that provides free resources to help Alaskans address chronic conditions. The department has been listening to Alaskans across regions to better understand what's working and what's not in addressing chronic conditions.

4:18:11 PM
DR. ZINK then moved to slide 6, discussing two specific programs. The Produce Prescriptions program, run by the Yukon-Kuskokwim Health Corporation (YKHC) since 2018, targets diabetes by providing healthier food options through grant-funded efforts. The program supports patients like elders with diabetes and pregnant women with gestational diabetes. Another program, the Multi-Visit Person (MVP) program at Bartlett Regional Hospital in Juneau, coordinates care for patients frequently cycling through the emergency department, focusing on food, housing, and transportation. She also mentioned the High Utilizer Mat-Su (HUMS) program, which has saved approximately $5 million through emergency department and hospitalization avoidance for its 120 participants by addressing non-medical needs like lodging, food, and transportation. She noted that these programs illustrate how addressing health-related needs can keep patients healthier and reduce hospital visits.

4:20:01 PM
DR. ZINK moved to slide 7, showing a pyramid that illustrates the relationship between health-related needs services, with prevention at the base and treatment at the peak. She clarified that the 1115 waiver is not meant to replace existing food, housing, or transportation programs, but to provide time-limited, medically necessary support for those with high healthcare needs. She emphasized that the Centers for Medicare & Medicaid Services (CMS) requires that these services specifically target patients with high healthcare costs, such as those recently hospitalized for heart failure or acute psychiatric conditions, to prevent costly readmissions and emergency department visits.

4:21:27 PM
DR. ZINK moved to slide 8, providing an example from nutrition services. She said there is a considerable amount of data from multiple states using waivers to provide targeted support for

medical conditions. One example of target support is a pregnant woman with gestational diabetes, who would benefit from additional nutritional support to manage her blood sugar for both her health and her baby's. Another example is a heart attack patient managing heart failure, who would need a strict low-sodium diet to avoid returning to the emergency department. She explained that nutritional services might include education, grocery delivery, or meal delivery, depending on the patient's specific needs. For example, someone reliant on microwave meals might benefit from medically tailored meals, while another person with the ability to cook might need just nutritional education. Studies, such as those from Massachusetts, show that providing medically tailored meals resulted in significant cost savings—around 16 percent overall—with 70 percent fewer inpatient admissions and 72 percent fewer emergency department transports.

4:23:31 PM
SENATOR TOBIN expressed curiosity about whether the waiver could potentially cover allergy testing or efforts to identify autoimmune responses, such as in a patient with undiagnosed Crohn's disease. She asked if this type of diagnostic work falls under the waiver or if it is a different process.

4:23:57 PM
DR. ZINK explained that allergy testing can currently be covered by Medicaid, depending on the patient's needs. She clarified that the waiver being discussed focuses on services outside the traditional healthcare system. CMS has approved various waivers in the past, and the scope of Alaska's waiver application could be broad or narrow. However, the application process has not yet started, as legislative approval is needed to move forward. She noted that the department would discuss the steps involved in the process later on in the presentation.

SENATOR TOBIN clarified her question, asking if a patient who repeatedly presents at the hospital with inflammation, undergoes allergy testing, and is diagnosed with Crohn's disease could receive meal services under the waiver.

4:25:11 PM
MS. RICCI responded that the department is hesitant to give a definitive answer because the types of support offered through the waiver are not necessarily traditional healthcare services. What medical conditions will qualify for non-traditional services are defined by the state through the waiver process and its own program design. The state decided in its analysis that

time-limited prescription support is valuable for Alaskans. While time-limited support for a patient with Crohn's disease is something the department could consider, most states' frameworks focus narrowly on conditions with very frequent readmissions and high-cost utilization. Alaska can define its own framework in this process.

4:26:18 PM
SENATOR TOBIN highlighted concerns about Alaska's Indigenous populations, using dairy as an example. She noted that the Western food system may not suit all Alaskans and suggested considering these unique factors when addressing health issues in the state.

4:26:45 PM
MS. RICCI stated that the department has met extensively with stakeholders and will continue to do so throughout the waiver process. This includes tribal health organizations and other groups across the state. As ideas arise, they will be evaluated. She noted that stakeholders have expressed a desire for clear guidelines on what the waiver will and will not cover but emphasized that they are still in the early stages of exploring options. The department will need contractual and actuarial work to determine the best fit for Alaska’s Medicaid program, and they remain open to input.

4:27:40 PM
CHAIR WILSON noted that the discussion seems to involve two different waivers, referencing Medicaid's social determinants of health and social drivers of health waivers, as well as a medicine waiver. With transportation now being added, he asked whether the department is combining these waivers to address health-related needs in one omnibus waiver, or if they plan to apply for multiple individual waivers.

4:28:11 PM
MS. RICCI explained that the 1115 waivers are a federal tool for states to cover different types of services. Whether Alaska modifies its existing 1115 waiver or applies for a new one will depend on further analysis with consultants and the Centers for Medicare and Medicaid Services (CMS) to determine the most effective approach. She said she does not envision the state applying for multiple 1115 waivers for each service; instead, it would likely combine them into one or two waivers covering related topics, as other states have done.

4:29:04 PM

MS. RICCI also noted that this area is evolving rapidly, with CMS updating its approval processes every 120 to 180 days. The proposed legislation seeks authorization to apply for a waiver that addresses broad categories of services states are focusing on, as outlined by CMS's streamlined 1115 process. While the final product is still uncertain, legislative approval is needed before the state can proceed with the time- and resource-intensive application process.

4:30:00 PM
CHAIR WILSON expressed concern about granting blanket authority to apply for waivers without the department returning to the legislature to review costs and other specifics. He acknowledged the goals and supported them but is cautious about the legislative authority over waivers, pointing out that once a waiver is approved, the department could modify or cancel it without legislative input. He mentioned that this has been an ongoing conversation with the administration regarding how waiver authority is being used in the state. He clarified that the department doesn't need to address this concern and could continue its presentation.

4:31:15 PM
DR. ZINK explained that many states have 1115 waivers, with some maintaining a single, continuously updated waiver and others handling multiple waivers. CMS has emphasized that health-related social needs are major drivers of healthcare costs and has encouraged states to address them. SB 241 specifically targets those health-related social needs as outlined by CMS. She clarified that, while Alaska has an 1115 waiver for behavioral health, this issue is distinct, which is why the department consulted with legal counsel and chose to bring it separately to the legislature. Although behavioral health diagnoses can be linked to health-related social needs, this new proposal focuses on improving Alaskans' health and reducing costs, particularly in avoiding repeat hospitalizations. She emphasized the department's intent to collaborate with the legislature.

4:32:25 PM
MS. RICCI acknowledged that the committee is aware of the budgetary process and noted that the budget authority for the Medicaid program is ultimately appropriated by the legislature. Any budgetary impact related to Medicaid will require legislative review and approval. She also pointed out that 1115 waivers have guardrails regarding federal budget neutrality, meaning there will likely be a financial component to consider.

She explained that many states have leveraged anticipated federal savings early in the process to reinvest in their systems, and Alaska could pursue a similar approach if it makes sense. However, the department would need to return to the legislature for budgetary approval before moving forward. She emphasized that there will be checks and balances with the legislature before any changes are implemented.

4:33:36 PM
CHAIR WILSON expressed concern about the reapplication process for an approved 1115 waiver, noting that the state recently reapplied for the current 1115 waiver without legislative approval, oversight, or modifications, despite not fully implementing the first waiver. He highlighted reports indicating issues during the implementation period of the existing waiver and raised concerns about the lack of legislative involvement in the waiver process. While he acknowledged the value of waivers, he questioned how they are implemented without sufficient legislative oversight. He also suggested considering an amendment to the current waiver to include additional authority, such as exploring the Department of Corrections (DOC) waiver process to allow soon to be released inmates to qualify for Medicaid. He noted that other states have pursued this and suggested it could be an opportunity for future consideration.

4:34:59 PM
MS. RICCI added that the department is exploring new opportunities to support incarcerated individuals pre-release, particularly under the existing work authorized by Senate Bill 74 and the 1115 behavioral health waiver. She noted that the activities available through the Centers for Medicare & Medicaid Services (CMS) reentry waiver align with the behavioral health and substance use services already covered under Alaska's current statutory authority. Therefore, while not explicitly included in this bill, the department believes it already has the statutory authority to pursue those services. She emphasized that the department is aware of this and is considering how it could be applied in Alaska.

4:35:52 PM
CHAIR WILSON acknowledged that these conversations have taken place off the record but expressed his desire to have them noted on the record.

4:35:56 PM
DR. ZINK highlighted that for nutrition services to be approved by CMS, both a medical and a social component must be present.

In response to Senator Tobin's earlier comment about Crohn's disease, she explained that a person would need both a medical condition and an unmet social need, such as homelessness or lack of access to food. She emphasized that cultural appropriateness is also considered, referencing the success of the Yukon-Kuskokwim Health Corporation (YKHC) program, which tailors food options to reduce diabetes risk by addressing local needs, transportation, and genetic factors.

4:37:01 PM
DR. ZINK API moved to slide 9 and said the waiver could address housing for patients discharged from Alaska Psychiatric Institute (API), noting that around 60 percent of them are either underhoused or homeless. For example, a patient with schizophrenia who has lost their job and housing may be doing well after treatment at API but struggles to reintegrate without stable housing or transportation. Temporary, medically necessary housing could provide the support needed to help patients regain stability, such as securing a job or renewing a driver's license. She emphasized that transitioning from inpatient to outpatient care can be challenging, particularly when acute mental health issues disrupt social support networks, jobs, and housing.

4:38:32 PM
CHAIR WILSON asked for clarification on what type of temporary housing is being proposed. He inquired whether this would involve something like an assisted living facility with a day rate or if the department is referring to paying for an apartment or housing with caregivers.

DR. ZINK explained that the type of housing support will depend on how the waiver is scoped and the results of actuarial analysis to determine where the greatest impact can be made. She noted that other states are paying for temporary housing, such as an apartment, often with a caseworker nearby. This would apply to individuals who do not qualify for other medically covered needs, such as a skilled nursing facility after discharge from a hospital. She gave an example from Yukon-Kuskokwim Health Corporation (YKHC), where a patient could be discharged to temporary housing in Bethel, receive behavioral health services, and stabilize on their medications before returning to their community or village, instead of making an immediate leap from discharge back home.

4:39:47 PM

MS. RICCI moved to slide 10 explained that the waiver is designed to tailor Medicaid to address some of Alaska's unmet needs, which contribute to increasing, yet potentially avoidable, healthcare utilization. Medicaid is a state-federal partnership, and new federal support encourages innovation in Medicaid, particularly to address these unmet needs. The 1115 waivers are demonstration waivers that allow states to cover services typically not included under Medicaid for a set period, usually five years, with renewal possible if the waiver can demonstrate that it does not cost more than what Medicaid would have paid without the waiver. Additionally, the waiver must show positive impacts on health outcomes.

4:40:53 PM
MS. RICCI moved to slide 11 and emphasized that when considering changes to the Medicaid program, it's important to identify the population being served, particularly focusing on the 5 to 10 percent of Medicaid users driving $1.7 billion in annual costs. She stressed that the department's goal is to shift Medicaid spending from acute services to preventive care or reducing acute care needs, ultimately supporting the Department of Health's mission to promote the health, well-being, and self-sufficiency of all Alaskans.

4:41:46 PM
DR. ZINK moved to side 12 and stated that the overall goal is to improve health outcomes and reduce downstream costs. She emphasized that healthier people are less expensive for the healthcare system and that a healthy population is essential for economic growth and sustainability in Alaska. The focus is on shifting resources away from high-risk Medicaid beneficiaries and toward prevention, wellness, and addressing unmet needs across the system.

4:42:11 PM
MS. RICCI moved to side 13 explained that the purpose of SB 241 is to provide the department with specific authorization to apply for an 1115 waiver. She noted that Senate Bill 74 laid the groundwork for the department to explore such waiver opportunities, and recent options from the Centers for Medicare & Medicaid Services (CMS) have led states to reassess their Medicaid coverage. SB 241 is essential for Alaska to proceed with its waiver application as the department determines which services best address the state's needs.

4:42:54 PM

SENATOR TOBIN asked about the potential impact of the upcoming election cycle on the waiver approval process, noting that a change in administration could affect federal partnerships. She inquired whether the department anticipates any disruptions to the process if there is a shift in administration at the federal level.

4:43:26 PM
MS. RICCI responded that she couldn't speculate on how a change in administration might affect the process. However, she noted that over 16 states, including Florida, Arkansas, Utah, and Arizona, have already implemented, or negotiated similar waivers with CMS. While each administration may have different priorities, she believes that with so many states actively pursuing these waivers, it would be difficult to change direction quickly.

4:44:15 PM
DR. ZINK added that the department had asked this question to their technical assistance (TA) partners. Historically, even with changes in administrations, waivers that have been approved tend to remain in place. These waivers become embedded in how states operate, making it difficult to reverse specific changes at CMS once they are implemented.

4:44:41 PM
MS. RICCI moved to side 14 and discussed some of the new opportunities identified by CMS for 1115 waivers to address health-related needs, including food security, transportation to medical appointments, temporary housing, and case management. She also mentioned workforce development, which was recently approved in New York and is something Alaska is considering. Moving to the financial considerations, she highlighted budget neutrality and the possibility of pulling down federal savings in advance to reinvest in the system, noting that providers would need to adapt to these changes within Medicaid, which could be challenging.

4:45:23 PM
MS. RICCI moved to slide 15 and discussed financial considerations. She highlighted budget neutrality and the possibility of pulling down federal savings in advance to reinvest in the system, noting that providers would need to adapt to these changes within Medicaid, which could be challenging:

[Original punctuation provided.]

Financial Considerations

- **Budget Neutrality:** Centers for Medicare and Medicaid Services requires budget neutrality for all 1115 waivers.
- **Alaska Medicaid Spending**: The legislature authorizes Medicaid spending annually.
- **Efficiencies in Care:** There is strong evidence that addressing health-related needs improves health outcomes and reduces costs.

4:46:21 PM
MS. RICCI moved to slide 16 and said the sectional analysis for SB 241 authorizes the department to apply for a 115 waiver to establish one or more demonstration projects focused on addressing health-related social needs for Alaska Medicaid recipients in one or more specific geographic areas. It also defines "health-related needs" as social or economic conditions that contribute to an individual's poor health outcomes:

[Original punctuation provided.]

SECTIONAL ANALYSIS
Senate Bill 241: Medical Assistance Demonstration Projects

Section 1. Adds a new section (h) to AS 47.07.036 authorizing the department to apply for an 1115 waiver to establish one or more demonstration projects focused on addressing health-related needs for Alaska Medicaid recipients in one or more specific geographic areas.

Defines "health-related needs" as social or economic conditions that contribute to an individual's poor health outcomes. Examples of health-related needs include nutrition and food security, workforce development, transportation, temporary housing, or case management.

4:46:47 PM
DR. ZINK moved to slide 17, which displayed a chart outlining Alaska's waiver process with a photograph of a river in the background. She emphasized that SB 241 is not intended to replace any grant-based services. Instead, it allows for the

possibility of implementing services in phases through demonstration projects over time.

[Original punctuation provided.]

Department of Health

Preparation
Partner Engagement
Tribal Engagement
Technical Assistance
Legislative Input and Authority - WE ARE HERE

Development
Actuarial Analysis
Partner Engagement
Tribal Consultation
Waiver Proposal Drafting

Consultation
Tribal Consultation
CMS Negotiation
Public Comment

Approval
CMS Approval
Annual Budget Process

Implementation
Infrastructure and Capacity Building
Services Available to Eligible Alaskans

Review
Required Annual Reporting to CMS
Annual Budget Process
Renewal Opportunities

4:49:12 PM
CHAIR WILSON asked if there is a timeframe for each block of the waiver process, assuming all conditions are ideal, and variables are controlled.

4:49:32 PM
MS. RICCI replied that although she was not with the department during the creation of the behavioral health and substance use disorder 1115 waiver, she estimated the process could take one to two years. The timeline depends on how quickly the department

can move internally, bring on contractors, and address key questions. She added that the implementation timeframe would also depend on the readiness of different regions and communities within the state, but she did not have a clear sense of that readiness at this time.

4:50:20 PM
DR. ZINK noted that states have found the implementation phase challenging, as providers need to rethink their service models. However, she emphasized that the process of discussion has been extremely valuable. It has fostered collaboration across different groups in the state, which is influencing and inspiring various divisions within the Department of Health to explore new approaches, even without needing a waiver. She highlighted that these conversations have already led to changes by encouraging a more holistic approach to care. The river slide was chosen because it represents the gathering of different ideas and information, flowing together to become a long-term waiver.

4:51:07 PM
CHAIR WILSON expressed concern, similar to Senator Tobin's, about potential changes in the federal administration affecting the waiver process. He mentioned a conversation with Daniel Tsai, Deputy Administrator at CMS, noting that waivers are often aligned with an administration's priorities, which can shift with a change in leadership. This could potentially disrupt the process if there is a mid-change in administration. He encouraged the department to ask for additional resources if needed, especially since the legislature is in session and could help expedite the process. He emphasized the importance of moving quickly and offered support to ensure the department has the resources necessary to complete the waiver process efficiently.

4:52:21 PM
DR. ZINK moved to slide 18 and expressed gratitude for the support and explained that the department's main limitation is obtaining legislative approval. She mentioned that they have technical assistance (TA) support ready, along with a team and extensive partner and stakeholder engagement. The department has been gathering input from community members to ensure that the proposal aligns with their needs and interests and that partners are ready to implement it. She highlighted the strong letters of support the department has received and acknowledged the need for ongoing education about what the waiver does and doesn't cover. She also mentioned the need to do actuarial work before

moving forward. She concluded by thanking the committee for the opportunity to discuss the SB 241.

CHAIR WILSON thanked the Department of Health (DOH) for sharing where it is in the waiver process.

4:54:00 PM
MS. RICCI thanked the committee for offering DOH the support needed to move forward in the waiver process by hearing SB 241.

4:54:30 PM
CHAIR WILSON opened public testimony on 241; finding none, he closed public testimony.

CHAIR WILSON [held SB 241 in committee.]
4:55:17 PM
There being no further business to come before the committee, Chair Wilson adjourned the Senate Health and Social Services Standing Committee meeting at 4:55 p.m.