

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

January 23, 2025

3:31 p.m.

MEMBERS PRESENT

Senator Forrest Dunbar, Chair
Senator Cathy Giessel, Vice Chair
Senator Matt Claman
Senator Löki Tobin
Senator Shelley Hughes

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: DEPARTMENT OF HEALTH OVERVIEW

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

HEIDI HEDBERG, Commissioner
Department of Health
Anchorage, Alaska

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

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

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

BOB LAWRENCE, M.D., Chief Medical Officer
Commissioner's Office
Department of Health (DOH)
Anchorage, Alaska

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

ACTION NARRATIVE

[3:31:05 PM](#)

CHAIR DUNBAR called the Senate Health and Social Services Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Hughes, Claman, Giessel and Chair Dunbar. Senator Tobin arrived immediately thereafter.

PRESENTATION:
DEPARTMENT OF HEALTH OVERVIEW

[3:32:29 PM](#)

CHAIR DUNBAR announced an overview by the Department of Health (DOH).

Senator Tobin joined the meeting.

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HEIDI HEDBERG, Commissioner, Department of Health, Anchorage, Alaska, introduced herself, staff, and advisors. She stated that July 1, marked the one-year anniversary of the Department of Health (DOH).

COMMISSIONER HEDBERG moved to slide 2 and presented the mission of DOH.

[Original punctuation provided.]

MISSION

Promoting the health, well-being & self-sufficiency of Alaskans

Divisions

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

Strategic Approach

Modernize Systems
Increase Capacity
Stabilize Workforce

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COMMISSIONER HEDBERG said each division has done a tremendous amount of work and will provide an update on modernizing systems, increasing capacity and stabilizing the workforce. She stated that a new department website will launch this winter and described the change as transformational. The redesign will focus on user journeys tailored to specific needs. As examples, a pregnant woman searching for Women, Infants, and Children program (WIC) will also be guided to Supplemental Nutrition Assistance Program (SNAP) and related services; seniors will be directed to programs for older adults; and healthcare providers will find Medicaid enrollment information. She explained that Phase Two includes launching language translation for the top five non-English languages spoken—Spanish, Tagalog, Korean, Russian, and Hmong—along with a chatbot to assist users in navigating the site. She added that ongoing improvements will follow based on user feedback. Also noted was the plan by the communications team to launch an internal employee hub to centralize communication, policies, procedures, and key dates for staff.

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SENATOR HUGHES asked whether any Alaska Native languages would eventually be included in the website's language translation offerings.

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COMMISSIONER HEDBERG replied that while the Division of Public Assistance currently offers Yupik translation services, the department has not found a contractor capable of translating all website content. She welcomed suggestions and stated the department would be happy to collaborate with any available resource.

SENATOR HUGHES suggested the use of artificial intelligence (AI).

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COMMISSIONER HEDBERG moved to slide 3, Arcs of Effort. She emphasized the importance of community engagement for the new department, particularly listening to Alaska providers and clients. She noted that over the past two years, intentional listening efforts helped identify what is working and what challenges exist. These insights informed the development of strategies under the governor's Healthy Families initiative. She explained that slide three reflects the outcome of those

conversations, highlighting four key areas—referred to as "arcs of effort":

- Transformation of care
- Child care
- Prevention of deaths from overdoses, suicide, and other - injuries
- Strengthening the behavioral health system.

She stated that the presentation will include updates on these efforts along with divisional updates.

3:38:15 PM

EMILY RICCI, Deputy Commissioner, Department of Health (DOH), Juneau, Alaska, co-presented a Department of Health Overview. She moved to slide 4, Office of Health Savings, Innovative Ways to Improve Systems and discussed the creation of the Office of Health Savings within the commissioner's office, describing it as a small team of three focused on achieving Medicaid savings through innovation and transformation. She explained that the office functions as an "ideas engine" for the Medicaid program by identifying and leveraging federal and state opportunities to implement changes aligned with departmental goals.

MS. RICCI emphasized that the office plays a key role in supporting the department's objective of responding nimbly to new opportunities through pilot and demonstration projects. She noted that the team, fully staffed for under a year, has already helped secure nearly \$4 million in federal grants for technical assistance and planning. She added that the office is essential to several key initiatives, including the first arc of effort, transformation of care.

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MS. RICCI moved to slide 5, Transformation of Care, she explained that the transformation of care arc of effort focuses on evaluating whether Medicaid benefits and payment structures align with desired health outcomes for Alaskans and support the development of an effective healthcare delivery system. She outlined five main focus areas within this arc:

- Medicaid Rate Review
- Medicaid Demonstration Projects
- School-Based Services
- Justice Involved Youth
- Re-Entry Supports

MS. RICCI stated that the Medicaid rate methodology review project began in spring and launched publicly in the fall, supported by funding from the Division of Insurance. The Department of Health contracted a firm to assess how Medicaid services are paid, with the goal of determining if current methodologies support intended outcomes. She noted that due to the complexity of Medicaid's multiple methodologies, the review has been split into two phases. Phase one, currently underway and due in July 2025, focuses on behavioral health, long-term care and support services, home and community-based waivers, federally qualified health centers, and medical transportation.

MS. RICCI described three areas of analysis for the study: rate structure, including components such as overhead and wages; rate level, to assess whether payments sufficiently cover service delivery costs; and rate policy, which examines the rules governing billing, such as the use of 15-minute increments versus alternative models like monthly or capitated payments. She emphasized that the department is collaborating closely with providers and stakeholder groups throughout the process.

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SENATOR CLAMAN stated that discussions about Medicaid and Medicare rates are of strong interest to him and highlighted ongoing concerns in Alaska regarding underpayment. He noted that the Federal Medical Assistance Percentage (FMAP) rates have historically been low, contributing to provider reluctance to accept Medicare and Medicaid patients. He asked whether the issue of low reimbursement rates leading to provider refusal is being factored into the department's rate methodology analysis.

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MS. RICCI clarified that Medicaid and Medicare are distinct programs, with Medicaid being a joint state-federal program and Medicare being entirely federally funded and administered. She explained that while Medicaid includes a federal match for state medical costs, Medicare operates independently and sets its own payment rates.

MS. RICCI stated that the department has raised concerns about Medicare rates and access to services with Alaska's federal delegation, the Centers for Medicare and Medicaid Services (CMS), and visiting federal administrators. She emphasized that the current rate methodology review focuses on Medicaid-specific issues, including access, but does not include Medicare rates, as those are determined federally.

SENATOR CLAMAN asked whether the department would be able to provide a meaningful analysis comparing Medicaid rates to market rates for the same services

MS. RICCI responded that the department could evaluate what such an analysis would entail and determine whether the necessary resources are available to conduct it.

SENATOR CLAMAN expressed strong support for efforts to establish sensible Medicaid rates but emphasized concern that if the resulting rates continue to discourage provider participation, the process may be ineffective. He stressed the importance of creating a market in Alaska that attracts physicians and other care providers, warning that failure to do so undermines both economic growth and access to care. He reiterated his concern that [Medicare] rates may also be too low, not just Medicaid.

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SENATOR HUGHES asked for clarification on how Medicaid is structured within the department, noting that it covers behavioral health, medical, and dental services.

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MS. RICCI explained that although Medicaid is sometimes perceived as being managed by a single division, it actually spans multiple divisions within the Department of Health: Behavioral Health, Healthcare Services, Senior and Disability Services, and Public Assistance. She clarified that while Medicaid has its own distinct budget component, administration and service delivery are handled separately by these divisions based on their respective areas.

MS. RICCI noted that her role as Deputy Commissioner, along with the Office of Health Savings, provides department-level oversight and coordination. Division directors collaborate on cross-divisional Medicaid issues.

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SENATOR HUGHES stated her understanding that providers have historically been reluctant to serve Medicare patients, but that Medicaid was previously more acceptable to them. She asked whether the department is now also seeing providers decline to serve Medicaid patients in addition to Medicare patients.

MS. RICCI responded that provider participation varies depending on the provider type and service area. She explained that this

variation is one reason the department is focusing Phase One of the rate methodology project on specific provider types. She stated that these areas were selected to help build capacity where challenges in Medicaid reimbursement may be limiting provider participation.

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MS. RICCI continued slide 5 and briefly explained that Medicaid demonstration projects allow the state to explore new and innovative ways to deliver Medicaid benefits and coverage. The Office of Health Savings is working closely with various divisions to develop these opportunities.

MS. RICCI introduced school-based services as the next focus area in the transformation of care effort. She thanked the committee and legislature for removing statutory barriers that now allow the department to deliver services to children in school settings. She shared that the department received a \$2.5 million grant from the Centers for Medicare and Medicaid Services (CMS) to support this initiative. She noted that the department is currently working with a contractor experienced in both school district and Medicaid systems to help bridge the two and advance the project.

MS. RICCI briefly highlighted two new areas of focus under the transformation of care arc. She explained that a recent federal requirement, effective January 1, mandates Medicaid services for justice-involved youth starting 30 days prior to release, including screening, care coordination, and case management. She noted this approach represents a shift in how Medicaid connects with youth exiting carceral settings.

MS. RICCI announced the department received a \$1.6 million award from the Centers for Medicare and Medicaid Services (CMS) to support this effort. She stated that Alaska is considered ahead of other states in readiness, due to strong collaboration between the Department of Health, the Department of Family and Community Services—through the Division of Juvenile Justice—and the Department of Corrections. She added that this work will inform efforts in the fifth focus area: reentry supports for adults, which includes care coordination and screening within 90 days of release, tied to federal opportunities.

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COMMISSIONER HEDBERG moved to slide 6, Child Care, and described the child care arc of effort, noting the governor's creation of a Child Care Task Force that concluded its work this fall. The

task force produced two reports with a total of 56 recommendations, of which 13 have been implemented and 21 are in progress. She outlined five focus areas for the coming year: streamlining processes, expanding licensing options, stabilizing the workforce, ensuring quality care, and improving accessibility and affordability.

COMMISSIONER HEDBERG reported the launch of the Alaska Child Care Information System, a database with portals for parents applying for subsidies, providers handling licensing, and internal staff. Public access to the system is expected in the coming months. She also announced a pilot project to speed up background checks by deploying live scan fingerprinting equipment to four rural communities. This effort, based on a task force recommendation, aims to improve processing times and may later expand to other provider types.

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COMMISSIONER HEDBERG introduced a proposed new licensing category, "friends, families, and neighbors," designed to allow families in child care deserts to use subsidies with trusted individuals who meet health and safety standards. She noted that only 20 percent of eligible families currently use subsidies and emphasized this as an area for expansion. On workforce development, she highlighted a budget request for two positions, including one to serve as a liaison between the child care and business sectors to support employer-sponsored child care solutions. The department will also conduct a study on using vacant state buildings or school facilities for child care, in response to high facility rental costs identified in a recent cost-of-care study.

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COMMISSIONER HEDBERG stated the department will use its Preschool Development Grant to provide behavioral health consultation and coaching to child care providers, addressing workforce turnover related to children with behavioral needs. She shared plans to improve subsidy access through startup grants for new providers and by introducing a geographical income differential to account for the higher cost of living in rural areas, ensuring more families can qualify for assistance.

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SENATOR TOBIN encouraged stakeholders to read the full list of recommendations from the Child Care Task Force and highlighted the 2023 Market Price Survey Report, noting its value in showing geographic differences in child care costs. She stated that the

data helps ensure families are better served based on local cost realities. She clarified that the redirection of Preschool Development Grant funds is possible due to the Alaska Reads Act, which allocated separate funding to support school districts in developing their own pre-K programs. She emphasized that these efforts do not reduce or interfere with school districts' ability to provide high-quality pre-K services.

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SENATOR HUGHES referenced a recent conversation about the limited number of contact hours in Alaska's K-12 schools, particularly in early grades, and how this impacts child care needs before and after school. She noted that, compared to Texas, Alaska students receive the equivalent of nearly three fewer years of instructional time by graduation. She asked whether the Child Care Task Force considered school day length or calendar adjustments as a strategy to improve academic outcomes and help alleviate child care challenges.

COMMISSIONER HEDBERG responded that the Child Care Task Force focused specifically on children from birth to kindergarten age, so the length of the school day for K-12 students was not part of the discussion.

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BOB LAWRENCE, M.D., Chief Medical Officer, Commissioner's Office, Department of Health (DOH), Anchorage, Alaska, moved to slide 7, Overdose and Suicide Prevention, which is the third arc of effort. He stated that due to the continued high number of deaths from overdose and suicide, the department has elevated this issue as a key priority. He credited the legislature for passing legislation that enabled the creation of medical review committees, including the newly launched Opioid Fatality Review Committee. This committee will review de-identified case reports, develop actionable recommendations, and ensure those recommendations reach decision-makers.

DR. LAWRENCE explained that this work aligns with the statewide Alaska Opioid Response, a whole-government effort involving the Departments of Health, Family and Community Services, Corrections, Public Safety, Law, and the Mental Health Trust Authority. He outlined five "cords of intervention": interdiction (keeping drugs out of the state), prevention (limiting access within communities), harm reduction (preventing deaths, including through Narcan distribution and hepatitis C treatment), treatment, and long-term recovery. He described

these as interconnected efforts across agencies, symbolized as a rope pulling individuals back to freedom.

DR. LAWRENCE also noted that funding comes partly from the National Opioid Settlement, with 80 percent of funds directed to communities. In the past year, 18 communities and one statewide organization received funding to support local initiatives. He concluded by stating that similar coordinated efforts are underway to address suicide prevention across the state.

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CHAIR DUNBAR asked about current trends in Alaska regarding overdose and suicide rates compared to past years. He inquired whether the number of suicides and overdose deaths has increased over the past 10 to 20 years and whether there has been any recent decline following known spikes.

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DR. LAWRENCE stated that overdose deaths spiked significantly in recent years, with 2023 showing an increase of over 40 percent compared to the prior year. Preliminary data for 2024 suggests that overdose deaths will remain at similar levels. He emphasized that these figures are not yet final and updates will follow once the data is confirmed.

DR. LAWRENCE reported that suicide deaths have remained relatively stable over the past several years, without a noticeable spike or decline. He concluded that substantial work remains in both areas.

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CHAIR DUNBAR asked for a longer-term perspective on suicide rates, specifically over the past 20 to 40 years. He shared his experience growing up in rural Alaska, where suicide was already a serious concern, and questioned whether the state has made any measurable progress or lost ground since that time.

DR. LAWRENCE responded that he does not currently have data on suicide rates over the past 20 to 40 years but shares the same curiosity. He offered to follow up and provide that information to the committee.

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SENATOR CLAMAN noted that national trends show some improvement in suicide and overdose rates but observed that Alaska has not experienced similar reductions. He asked for insight into why Alaska has not followed the national trend and whether there are

specific factors contributing to the state's lack of progress in both areas.

DR. LAWRENCE stated that the reasons Alaska has not followed national improvements in overdose and suicide rates are multifactorial. He acknowledged that Alaska has gradually moved up the national rankings, now placing second—and in some cases first—in certain indicators, which is deeply concerning. One key factor, he explained, is that Alaska entered the opioid crisis later than many other states, so while other regions are beginning to see declines, Alaska's rates have only recently peaked. He emphasized that this is just one of several contributing factors.

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SENATOR HUGHES shared feedback from school principals who report long wait times—up to four months—for teenagers to access mental health services, despite being given resource lists. She asked whether there are efforts or recommendations in place to increase the mental health workforce in communities and noted that access challenges are likely more severe in areas outside her own.

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COMMISSIONER HEDBERG moved to slide 8, Strengthening the Behavioral Health System for Youth, and introduced the fourth arc of effort. She explained that the pandemic exacerbated mental health challenges among adolescents, a trend supported by both data and parent feedback. While this issue is national, she emphasized Alaska's response, highlighting a coordinated eight-month effort by the Department of Health, the Department of Family and Community Services, and tribal partners. The team visited five regions and held virtual and targeted sessions to gather input from providers, parents, and behavioral health aides on barriers and solutions for community-based behavioral health services.

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COMMISSIONER HEDBERG described how this process led to a shared goal, recognition of regional differences, and a commitment to flexibility within departments. The outcome was a behavioral health continuum of care—from prevention to residential and step-down services—supported by cross-cutting themes like data integration, provider support, and care coordination. This work produced 47 recommendations with specific, actionable next steps, of which 21 are already underway by both departments.

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COMMISSIONER HEDBERG acknowledged that the effort was intentional and collaborative, especially with tribal partners, and noted its recognition by the U.S. Department of Justice (DOJ). She reported that in response to a 2022 DOJ report on the unnecessary institutionalization of children, the state has engaged in ongoing discussions and last week signed a letter of agreement. Under this agreement, DOJ will not pursue legal action for three years while Alaska continues to demonstrate progress. She clarified that the case remains open, but the agreement reflects DOJ's recognition of the state's meaningful efforts and ongoing commitment to reform.

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CHAIR DUNBAR asked for practical examples of changes.

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COMMISSIONER HEDBERG deferred to Ms. Ricci.

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MS. RICCI stated that some immediate priorities identified through the youth behavioral health roadmap also address broader challenges faced by behavioral health providers. She noted that, since Medicaid is a major payer for behavioral health services, three key issues emerged: whether the rate methodology aligns with desired outcomes; whether claims are paid accurately and on time; and whether administrative processes place an undue burden on providers.

MS. RICCI explained that the department has made progress in each area. The Medicaid rate methodology review is underway, with behavioral health providers prioritized in Phase One. To improve claim payments, the department transitioned behavioral health claims from an administrative services organization to the standard Medicaid claim system used for all other services as of November 1 and is now stabilizing that process. She added that for 2025, the department will focus on expanding provider supports to reduce administrative barriers so providers can spend more time on care and less on billing complexities.

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COMMISSIONER HEDBERG underscored that the letter of agreement with the Department of Justice does not signify that the department's work is complete. She emphasized that while meaningful progress has been made, significant work remains to build out and implement many of the recommended strategies. She highlighted School-Based Services as an example of a

recommendation from the youth behavioral health roadmap that is also part of the transformation of care arc, noting how interconnected these efforts are.

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MS. RICCI moved to slide 8, Complex Care, and explained that complex care focuses on a small subset of individuals with severe needs that span behavioral health, developmental disabilities, and complex medical conditions, often requiring services across multiple divisions and departments. She stated that the department's goal is to organize internally to meet these individuals' needs rather than expecting them to navigate fragmented systems.

MS. RICCI described the creation of weekly case review teams, jointly run by the Department of Family and Community Services and the Department of Health, to examine individual cases and coordinate support across agencies. She added that monthly complex care coordination meetings bring leadership together to identify trends, gaps, and system-level solutions.

MS. RICCI highlighted that this work has already led to program improvements, including waiver changes through the Division of Senior and Disability Services. These updates allow greater flexibility for acuity-based provider rates, new options for supplemental staffing, and the development of a Specialized Family Habilitation Home to serve youth with the most complex needs. She emphasized that the approach combines individual case perspectives with system-level reform.

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COMMISSIONER HEDBERG moved to slide 9, Division Overviews, and said the presentation would transition from arcs of effort to division updates.

[4:18:51 PM](#)

MS. RICCI moved to slide 10, Division of Behavioral Health. Operation Update, 2025 Focus and provided an overview of key accomplishments for the Division of Behavioral Health Services outlining priorities moving into 2025. She emphasized that strengthening the behavioral health system remains central to the division's work. She noted that Alaska's current 1115 demonstration waiver, which underpins foundational behavioral health services in the state, reached the end of its initial five-year term in December 2023. She explained that renewing such waivers requires extensive effort and approval from the Centers for Medicare and Medicaid Services (CMS). She reported

that Alaska received approval in March 2024 to extend the behavioral health waiver for another five years.

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CHAIR DUNBAR asked whether the 1115 demonstration waiver can be renewed indefinitely or if there is a limit on how many times the state can realistically apply for it. He noted that the waiver has become foundational to Alaska's behavioral health system and expressed concern that losing it would have severe consequences. He asked if there is any foreseeable reason the waiver might not continue.

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MS. RICCI responded that the department does not foresee the 1115 demonstration waiver ending in the near future. She explained that other states often use 1115 waivers broadly, sometimes for entire Medicaid programs, citing Arizona as an example. She noted that Alaska's waiver, which was the state's first, currently focuses on behavioral health reform but could evolve over time.

MS. RICCI said the next phase involves assessing what amendments might strengthen the waiver by determining what is working and what needs adjustment. She added that the department will also consider whether certain services should shift from the waiver to the Medicaid state plan, which involves technical analysis.

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SENATOR CLAMAN asked whether the department would need to renew the demonstration project in five years.

MS. RICCI replied that the department will need to renew every five years and there is significant reporting that occurs on a consistent basis.

[4:22:08 PM](#)

MS. RICCI continued with slide 10, and stated that expanding crisis services remains a key priority to strengthen the behavioral health continuum of care, acknowledging that significant gaps still exist. She explained that the department engaged the consulting firm Milliman to assess Alaska's crisis services system, evaluate current progress against goals, and develop recommendations for further improvements.

MS. RICCI noted that building new services is challenging, so these recommendations will guide the department's focus for 2025. She added that the rate methodology review includes

conversations with providers working to establish crisis stabilization services, to better understand their financial realities versus initial expectations. This input will help shape future planning and rates for crisis stabilization services.

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SENATOR CLAMAN asked whether the department anticipates any need for additional legislation to continue developing crisis stabilization and crisis residential services, noting that both he and Senator Giessel have worked on related legislation. He inquired if the laws already passed meet current needs or if further legislative action may be required in the near future.

MS. RICCI stated that at this time the department does not foresee a need for additional legislation for crisis services, as it is in the implementation and operational stage of a very large regulations project.

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SENATOR TOBIN stated that she has previously raised concerns about partners struggling with capital needs and noted that many continue to face these challenges. She asked whether the department's recent assessment included questions about partners' capital needs and if there is ongoing discussion about identifying those needs and exploring ways to provide support.

MS. RICCI acknowledged awareness of partners' requests for capital needs but stated she was not certain whether that topic was included in the recent assessment. She said she would review the assessment and follow up with additional information.

[4:24:20 PM](#)

MS. RICCI continued on slide 10 and provided the final portion of the 2024 operational update, noting progress and upcoming priorities. She reported that the transition of behavioral health claims into the main Medicaid system has largely gone well, with over \$300 million in claims paid to nearly 15,000 Alaskans. She acknowledged that such a large transition brings unexpected challenges but said the department has moved through most of the stabilization period and will continue focusing on this in the coming months.

MS. RICCI stated that building out provider supports remains a key focus and that a procurement process is underway. She added that developing sustainable crisis services also continues as a priority.

MS. RICCI expressed excitement about expanding certified community behavioral health clinics, which deliver coordinated mental health and substance use disorder services under specific certification requirements. She explained that these clinics can qualify for enhanced Medicaid payments but that the state must first develop certification processes, regulations, and rate methodologies. She announced that Alaska recently received a \$1 million federal grant to join the next cohort of states planning and designing these clinics. The planning phase will conclude by the end of this year, after which the department will apply to participate in the demonstration project to implement this model.

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SENATOR HUGHES asked whether certified community behavioral health clinics operate similarly to the Health Resources and Services Administration (HRSA) model for Federally Qualified Health Centers (FQHCs) on the medical side. She inquired if these clinics would provide behavioral health services with requirements such as not turning people away, ensuring access for uninsured or low-income individuals, and following a similar structure.

MS. RICCI replied yes.

[4:27:23 PM](#)

MS. RICCI moved to slide 11, and described the Division of Health Care Services as the heart of the Medicaid program, responsible for processing, adjudicating, and paying claims, which she compared to pumping blood through the system. She noted that the division handles about 8.5 million claims annually for nearly 30,000 Medicaid providers, totaling an average of \$52 million in weekly check writes. She emphasized the importance of consistent operations for this critical function.

MS. RICCI reported that one of the division's main focuses for 2024 was increasing operational capacity. She explained that the division had experienced high vacancy rates—between 29 and 31 percent—due to generational turnover, but this rate dropped to 12 percent by December. She highlighted efforts to support and train staff to ensure they have the tools needed to be effective.

MS. RICCI shared that the department has developed a Medicaid systems modernization plan to address provider feedback and

improve operations. The plan shifts from replacing entire systems at once to using modular updates, which reduce risk and speed up improvements. As an example, she cited the proposed provider enrollment portal in the Governor's capital budget, which would allow providers to submit documents, check application statuses, and benefit from automated processing for faster approvals.

MS. RICCI stated that priorities for 2025 include implementing the modernization plan, expanding quality assurance frameworks to strengthen contractual and customer service, and continuing workforce development to maintain capacity and effectiveness.

[4:30:24 PM](#)

MS. RICCI moved to slide 12 and discussed the Medicaid modernization efforts, noting similarities between challenges in the Division of Healthcare Services and those previously identified in the Division of Public Assistance. She explained that both divisions rely heavily on manual processes such as handling emails and matching attachments, which creates inefficiencies.

MS. RICCI stated that the department aims to reduce manual workload by leveraging automation and updated systems. In the short term, smart forms are being used to address issues in provider enrollment and service authorizations. In the medium to long term, the department plans to implement self-service portals to better support providers and staff.

MS. RICCI also announced the upcoming rollout of a patient mobile app later this year. The initial version will allow Medicaid recipients to access their ID cards on their phones, with future versions expected to include features such as access to claims information and other relevant data.

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CHAIR DUNBAR referenced the significant SNAP backlog the department faced two years ago, and the concern raised last year that Medicaid re-enrollment might experience a similar backlog. He asked for an update regarding the status of Medicaid re-enrollment and whether the risk period for a backlog ended.

MS. RICCI responded that the department is still completing the Medicaid redetermination process but is now in the final phase. She explained that in April 2023, all states were required to restart eligibility redeterminations that had been paused during the federal public health emergency. This included implementing

new systems and standards to automate portions of the process, which posed a significant challenge nationwide, including in Alaska.

MS. RICCI reported that by September 2024, Alaska had initiated redeterminations for all Medicaid enrollees. Some cases were temporarily suspended due to necessary system updates, and about 17,000 remain outstanding. She stated those should be fully processed by March. Once completed, redeterminations will return to a regular annual cycle.

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COMMISSIONER HEDBERG moved to slide 13, Division of Public Assistance, and introduced the next three slides focused on the Division of Public Assistance, beginning with operational updates, followed by 2025 priorities, and concluding with an IT-focused slide. She emphasized the importance of clarifying what modernization entails, and on slide 13, highlighted efforts to simplify client engagement and improve operational efficiency.

COMMISSIONER HEDBERG reported that the division launched the Alaska Connect portal, which allows Alaskans to log in through MyAlaska to apply for public assistance programs, renew benefits, report changes, and securely upload supporting documents. She stated that the portal is live and functioning well.

COMMISSIONER HEDBERG also announced that the division implemented the Elderly Simplified Assistance Project (ESAP) on December 1, 2024, following approval from the U.S. Department of Agriculture (USDA). ESAP applies to households with members aged 60 or older who have a disability, as defined by Food and Nutrition Services. Under ESAP, the certification period for this population extends from 24 to 36 months, requires no interim reporting, and eliminates the interview requirement unless requested. She noted this provides continuity of benefits and helps manage workload by spacing out renewals, which is significant given that 41 percent of SNAP households fall into this category.

COMMISSIONER HEDBERG added that the division has implemented text messaging as a tool to remind clients about interviews and renewals. She shared that this has resulted in a 61 percent interview answer rate and has been particularly useful for reminding Medicaid clients to renew their coverage. The department also reminds Medicaid clients to renew their applications via text.

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COMMISSIONER HEDBERG reflected on the department's progress since March 2023, when SNAP (Supplemental Nutrition Assistance Program) application timeliness was at a low point of 28 percent. She reported that by January 2025, the average timeliness had improved to 71 percent. The division continues working toward the national standard of 95 percent. She credited the improvement to the dedication and hard work of eligibility technicians and Division of Public Assistance staff, who have adapted to significant changes.

COMMISSIONER HEDBERG reminded the committee that during the federal public health emergency, the USDA waived all SNAP interview requirements, and all public assistance offices were closed with staff working remotely. She noted that while the transition to remote work was relatively smooth, reopening offices proved more difficult due to staff turnover.

COMMISSIONER HEDBERG confirmed that the division is now in full compliance with SNAP interview requirements. She shared that staff value face-to-face interactions with clients and that clients also appreciate the personal connection. She emphasized that all public assistance offices are now open, offering same-day service—clients can walk in, complete an application, complete an interview if needed, and receive benefits if eligible.

[4:38:26 PM](#)

SENATOR CLAMAN asked for an explanation of "same day."

COMMISSIONER HEDBERG replied that it depends on the time of day and the size and location of the office.

[4:39:21 PM](#)

COMMISSIONER HEDBERG moved to slide 14, Division of Public Assistance: 2025 Focus, and outlined two primary priorities for the Division of Public Assistance in the upcoming year: enhancing customer service and fostering employee engagement. She noted that in the past year, the division implemented a continuous quality improvement process, which uses root cause analysis to address identified errors through training, policy updates, or IT system changes. This tracking and correction process is ongoing.

COMMISSIONER HEDBERG reiterated that Medicaid redeterminations will be completed by March. She also reminded the committee that the Child Care Program Office is housed within the division and

referenced the extensive work already discussed in that area. She concluded by acknowledging the significant contributions of a small but highly effective team within the division responsible for advancing IT modernization efforts.

[4:40:35 PM](#)

COMMISSIONER HEDBERG moved to slide 15, Division of Public Assistance: IT Modernization, and emphasized the importance of breaking down what modernization means within the Division of Public Assistance. She explained that last year, the department successfully migrated Alaska's Resource for Integrated Eligibility Services (ARIES) system and its document management system from the mainframe into a secure cloud environment. This foundational move enables future advancements by aligning the division's updates to technology infrastructure.

COMMISSIONER HEDBERG shared that two major Requests for Proposals (RFPs) will be issued this year: one to migrate non-Modified Adjusted Gross Income (MAGI) Medicaid categories off the mainframe, and another to transition SNAP. Once those are complete, the department will follow with the migration of Temporary Assistance for Needy Families (TANF) and other cash assistance programs. She confirmed the overall project remains on track for completion in 2028, with milestones being met by the Project Management Office.

[4:41:59 PM](#)

COMMISSIONER HEDBERG then discussed client engagement improvements, including a second phase of the Alaska Connect portal. This upgrade will allow clients to update demographics, review notices, track application status, and trigger document submission based on real-time status updates. A multi-program smart application and a calendar feature will also be added, giving clients clear information about benefit renewals, interview dates, and payment details. These upgrades are set to roll out in 2025.

COMMISSIONER HEDBERG highlighted several completed operational efficiency improvements. The Medicaid ex parte renewal process now automatically verifies eligibility using updated data connections. The division also launched "advanced capture" in November, which extracts applications and renewal forms from incoming emails and routes them directly into the workflow management system. This reduces clerical workload and helps ensure documents are not lost. She noted an upcoming integration between the clerical document management system and the eligibility technician workflow system, improving efficiency and

communication. The division is also working to automate the asset verification process, currently done manually with checklists.

[4:45:30 PM](#)

COMMISSIONER HEDBERG added that the division handles a large volume of return mail. A new solution will scan envelopes, extract content, and automatically update client addresses, helping maintain accurate contact information. She concluded by mentioning phased system rollouts in both the child care and Women, Infants, and Children (WIC) programs and commended the project management team for their significant work, despite its small size.

[4:46:23 PM](#)

SENATOR HUGHES asked whether any of the automated processes described involve AI, and if so, whether there are safeguards, human oversight, or testing in place to prevent bias and ensure accuracy.

[4:47:18 PM](#)

COMMISSIONER HEDBERG responded that while there are limited elements of artificial intelligence (AI) in use, they are small in scale and applied cautiously. She emphasized that all implementations have been tested in a controlled environment by eligibility technicians using various scenarios to ensure accuracy. She clarified that automation is primarily used to connect databases and verify the presence of information, not to make eligibility decisions. Any AI components in use are not making determinations but are simply identifying whether required data exists.

SENATOR HUGHES encouraged the department to ensure full transparency if any decision-making functions are ever delegated to AI, noting nationwide concern. She emphasized the importance of public awareness and oversight in such cases. She expressed interest in having an offline conversation, acknowledging that AI has the potential to ease administrative burdens for employees but stressed that its use must be approached with extreme caution.

[4:48:37 PM](#)

MS. RICCI moved to slide 16, Division of Senior and Disabilities Services, and said the division supports seniors, individuals with developmental disabilities, and vulnerable adults. She highlighted three major accomplishments in 2024:

- First, the division established a Direct Support Professional (DSP) certification program in partnership with the University of Alaska Anchorage. The initial cohort of 50 individuals completed certification, with a second cohort of 60 now enrolled. The program aims to professionalize and stabilize the workforce and was developed with input from 13 stakeholder organizations across Alaska.
- Second, residential service reforms tied to complex care initiatives were made. These include more flexibility in staffing ratios, increased acuity rates, and expanded residential options for older adolescents and youth requiring specialized care.
- Third, development of the interRAI assessment tool, which she characterized as a transformative change for the state's home and community-based waiver system. The tool will allow individuals to implement self-directed services based on assessed needs and help the state serve more people more efficiently. Alaska is the first state to secure a 90 percent federal/10 percent state funding match from the Centers for Medicare and Medicaid Services (CMS) for this effort. The division has procured a contractor for technical assistance and will issue a request for proposals to procure software for testing and eventual implementation.

[4:51:48 PM](#)

MS. RICCI highlighted two key initiatives moving forward. The first is the Pulselight system, a new critical incident detection and trending tool that analyzes Medicaid claims and other data to flag potential safety issues for vulnerable adults. For example, multiple fall-related care claims from a single assisted living home could indicate an emerging problem not otherwise reported directly. The second focus is on environmental modification services. Following legislative direction, the division is implementing regulations to increase the service cap from \$18,000 to \$40,000. These modifications—such as wheelchair ramps or grab bars—help individuals remain safely in their homes. The division is currently building out requirements and outreach efforts to expand access to the increased benefit.

[4:53:53 PM](#)

DR. LAWRENCE moved to slide 17 and highlighted that the Division of Public Health achieved national accreditation in March 2024 through the Public Health Accreditation Board, following a multi-year review of the division's policies, procedures, and

quality improvement plan. He emphasized that this recognition affirms the division's accountability and commitment to quality and sets a guiding framework for the next five years. He gave a brief overview of current efforts aligned with this accreditation. He noted that, beyond the National Opioid Settlement funds, the division received a \$7 million grant from the Bureau of Justice Assistance to support opioid response efforts across Alaska. In infectious disease prevention, he flagged upcoming data showing an increase in tuberculosis (TB) and syphilis cases in 2024. He clarified that each case represents an opportunity for treatment and intervention, distinguishing these from overdose-related deaths where the opportunity to intervene has passed. He assured the committee that individuals identified with infectious diseases are connected to care.

[4:56:31 PM](#)

DR. LAWRENCE outlined key areas of focus for 2025. First, the division will prioritize data integration and modernization, noting that many sections still rely on outdated technology such as fax machines. The goal is to improve communication and support the public health workforce more effectively. Second, the division will launch a statewide "Community Health in Alaska" roadmap, modeled after the youth behavioral health roadmap. This effort will involve regional listening sessions to assess local needs and develop tailored public health response plans. Finally, he announced a pilot project to train and equip public health staff to issue vital records, such as birth certificates, directly in community settings. This idea stemmed from a suggestion by a community partner and aims to improve access to essential documents needed for services like public assistance or obtaining a driver's license.

[4:58:39 PM](#)

DR. LAWRENCE concluded his overview by noting that part of the division's broader data modernization efforts includes adopting electronic directly observed therapy (eDOT) for disease treatment. He explained that while traditional directly observed therapy requires in-person monitoring, the division now has the technology to offer this service remotely for individuals who have access to the necessary tools. He stated that the division hopes to implement eDOT this year as a way to improve treatment accessibility and efficiency.

[4:59:17 PM](#)

SENATOR GIESSEL asked for an update on how the public-private partnership to supply low-cost vaccines to Alaskans is

functioning. She also inquired how Alaska's vaccination program would be impacted if the federal government were to reject the efficacy of vaccines.

[4:59:36 PM](#)

DR. LAWRENCE stated that the department will follow up with specific details regarding the public-private partnership for low-cost vaccines. In response to the second question, he said there is currently no indication that the federal government is rejecting the efficacy of vaccines. He added that while the department stays in regular contact with federal partners, such federal actions would not directly determine or change vaccine recommendations issued by the Alaska Department of Health.

[5:00:03 PM](#)

SENATOR TOBIN acknowledged rising rates of whooping cough, syphilis, and congenital syphilis, and expressed particular concern about the increasing rates of HIV among Alaska Native men. She emphasized the importance of shifting the focus from intervention to prevention, noting that the tools, resources, and therapeutics already exist. She said she looks forward to continued conversations on how to strengthen prevention efforts.

[5:00:33 PM](#)

CHAIR DUNBAR shared that as the department develops the Community Health Roadmap, he would like to see the rise of online sports gambling considered as part of the public health conversation due to its connection to increased rates of suicide, bankruptcy, and other harms.

[5:01:20 PM](#)

SENATOR HUGHES expressed concern about the attachment of youth to bots. She mentioned the shortage of mental health providers and the importance of finding funding to train residents of Alaska to be providers. She noted the mental health crisis among Alaska's is concerning.

[5:03:26 PM](#)

CHAIR DUNBAR invited the commissioner to make closing remarks.

[5:03:28 PM](#)

COMMISSIONER HEDBERG replied that the Strengthening Healthcare Access and Recruitment Program-3 (SHARP-3) includes behavioral health occupations. She stated that she would provide the committee with a report detailing all the occupations participating in both SHARP-1 and SHARP-3. She expressed appreciation for the opportunity to present the department's

accomplishments over the past two years and share its priorities for the years ahead.

5:04:30 PM

There being no further business to come before the committee, Chair Dunbar adjourned the Senate Health and Social Services Standing Committee meeting at 5:04 p.m.