

ALASKA LEGISLATURE COMMITTEE FILES

2007-2008

SHES

124

91 INDIVIDUALIZED TREATMENT OR SERVICE PLAN

A. Recipients have the right to an individualized treatment or service plan. For recipients who have an ISP, the ISP process will provide the foundation of the development of the treatment or service plan.

B. Treatment or service plans shall, in instances in which the recipient has an ISP, be based upon the life plan, needs, targets and action plans developed in the ISP process. Treatment or service plans shall be based upon an individualized assessment of the recipient's housing, financial, social, recreational, transportation, vocational, educational, general health, dental, emotional, and psychiatric and/or psychological strengths and needs as well as their potential need for crisis intervention and resolution services. Each facility or agency shall fully consider the least restrictive appropriate treatment and related services taking into account factors that are supportive of each recipient's exercise of his or her basic rights, consistent with each individual's strengths, needs and treatment requirements, pursuant to this section and sections IV and V of these rules. Such considerations shall include accommodation of particular needs involving communication and physical accessibility to all treatment programs.

C. The recipient or guardian, shall be fully and actively involved in the development or revision of the treatment or service plan. Upon the request of the recipient, the recipient's representative or family members designated by the recipient shall be included in the development or revision of the treatment or service plan. Each agency program or facility shall give 10 days' notice of any treatment or service planning meetings, to the recipient's guardian, and designated representatives. If the meeting is being convened to address an emergency, notice reasonable for the circumstances shall be required. Invited persons shall be notified that, if they are unable to attend a treatment or service planning meeting, they may submit information in writing for consideration at the meeting.

D. Treatment or service plans shall be developed within 30 days of initiation of service and shall thereafter be reviewed and revised no less frequently than every 90 days. Plans may be reviewed more frequently as necessary to address substantial changes in a recipient's life, such as hospitalization.

E. Treatment or service plans shall be developed by a team consisting of the recipient and others among whom the recipient has authorized the exchange of information and who are needed to ensure that the recipient's needs are adequately assessed and that appropriate recommendations are made, based upon a comprehensive assessment of the recipient. The plan shall contain but need not be limited to:

1. A statement of the recipient's specific strengths and needs. The treatment or service plan should include a description of any physical handicap and any accommodations necessary to provide the same or equal services and benefits as those afforded non-disabled individuals.

2. A description of services to assist the recipient in meeting identified needs. Goals shall be written for each service. Short-range objectives shall be stated such that their achievement leads to the attainment of overall goals. Objectives shall be stated in terms that allow objective measurement of progress and that the recipient, to the maximum extent possible, both understands and adopts.

3. A description of services based on the actual needs as expressed or approved by the recipient rather than on what services are currently available. If at the time of the meeting, team members know on the basis of reliable information that the needed services are unavailable, they shall note them as "unmet service needs" on the treatment or service plan and develop an interim plan based upon available services that meet, as nearly as possible, the actual needs of the recipient.

4. A description of the manner of delivery of each service to be provided. The manner of delivery shall be one that maximizes the recipient's strengths, independence and integration into the community.

5. A statement of the rationale or reason for utilizing the described treatment or services to meet such goals;

6. A specification of treatment or service responsibility, including both staff and recipient responsibility and involvement to attain treatment or service goals; and

7. Documentation of current discharge planning.

F. Within one week of the meeting, the recipient shall be offered a written copy of the treatment or service plan. The recipient shall also be notified, by means he or she shall most likely understand, of the process to pursue, up to and including the right to file a grievance, if he or she disagrees with any aspect of the plan or the assessments upon which the plan is based, or is later dissatisfied with the plan's implementation.

G. Limitations

1. Such a plan must describe any limitation of rights or liberties. Such a limitation shall be based upon professional judgment and may include a determination that the recipient is a danger to self or to others absent such limitation. Any limitation shall meet criteria outlined for the limitation in other sections of these rules.

2. When any limitation occurs, the treatment plan shall address the specific limitation, and the restriction shall be subject to periodic review. When possible, the limitation shall be time specific.

3. Whenever possible specific treatment shall be developed to address the basis of the limitation.
4. Documentation regarding the limitation shall include documentation as per G. 1., 2. and 3. above and shall include specific criteria for removal of the limitation.

H. A copy of the treatment or service plan shall also be offered to the recipient's guardian, if any, and to recipient's representative, if confidentiality has been waived.

I. All agencies shall maintain specific written guidelines describing their practices concerning development of treatment or service plans.

J. Recipients who have had a community support worker assigned to them have the right to a variety of appropriate services from the community support worker, including the following, when pertinent to meeting a recipient's need for services:

1. assistance in locating services;
2. continuing monitoring of the services provided;
3. notification of ISP meetings and coordination of the ISP;
4. participation in the recipient's hospital discharge planning meeting; and
5. assistance in the exploration of lesser restrictive alternatives to hospitalization.

K. Termination

1. Each recipient has the right to be informed of and referred to appropriate resources upon termination from a program.

2. Each recipient terminated from the outpatient agency after ten days or longer term of treatment has the right to a comprehensive termination plan, and to assisted referral to existing resources in such areas such as transportation, housing, financial assistance, and mental health treatment. Recommendations made in termination plans shall not require the agency or department to provide recommended goods or service.

3. Notification

a. The recipient's representative, upon request of the recipient, and the recipient's guardian, shall be notified of and, if the representative or guardian is available, involved in any termination planning. Involvement may include, but not be limited to, participation in a termination planning meeting.

K. Exceptions

1. No treatment or service plan is required for recipients who solely received informal social support and recreation in drop-in mental health programs or social clubs.
2. A recipient may choose not to be involved in developing his or her treatment or service plan and may refuse planning.
3. A legally responsible guardian shall be actively involved in treatment or service planning, to the maximum extent possible. A public guardian has an affirmative duty to be fully and actively involved in treatment or service planning.

IV. INFORMED CONSENT TO TREATMENT AND/OR SERVICES

A. Recipients have the right to informed consent for all treatment and/or services.

B. Statement of purpose. This rule has the following purposes:

1. To promote respect for the individual autonomy and recipient participation in decision-making;
2. To ensure that the informed consent of a recipient is obtained prior to treatment and/or services;
3. To avoid the forcible imposition of any treatment and/or services;
4. To provide reasonable standards and procedural mechanisms for determining when to treat and/or serve a recipient absent his or her informed consent, consistent with applicable law; and
5. To ensure that the recipient is fully protected against the unwarranted exercise of the state's parens patriae power.

C. Treatment and/or service of recipients. All recipients with unimpaired capacity have the right to consent to or to refuse treatment and/or services, absent an emergency. Treatment may be provided to a recipient only when:

1. Informed consent for such treatment and/or services has been obtained from the recipient; or
2. The recipient has been judged by a court of competent jurisdiction to lack capacity to give informed consent to the particular treatment and/or services, and the informed consent of the recipient's guardian has been obtained; or

3. The recipient has been found to lack clinical capacity to give informed consent to the particular treatment and/or services pursuant to subsections D and E of this rule, the recipient is willing to comply with treatment and/or services and the provisions of E(2) have been followed.

D. Informed consent to treatment and/or services. Informed consent to treatment and/or services is obtained only where the recipient or his or her guardian possesses capacity to make a reasoned decision regarding the treatment and/or services and the recipient or his or her guardian is provided with adequate information concerning the treatment and/or services; and the recipient or guardian makes a voluntary choice in favor of the treatment and/or services. Informed consent must be documented in each case in accordance with this section.

1. Capacity. Capacity means sufficient understanding to comprehend the information outlined in section (D)(2) and to make a responsible decision concerning a particular treatment and/or service. Recipients are legally presumed to possess capacity to give informed consent to treatment and/or services unless the recipient has been judged by a court to competent jurisdiction to lack capacity generally, or to lack capacity to give informed consent to a particular treatment and/or service.

2. Adequate information. The licensed, certified or other qualified mental health professional recommending a particular treatment and/or service shall provide to the recipient, or guardian, all information relevant to the formulation of a reasoned decision concerning such treatment and/or service. The recipient, or his or her guardian, shall have the right to have a person of his or her choice present during the presentation of this information, provided that the nominee can be available within time frames established for the service in question in the Licensing Standards, or within such other reasonable period as may be agreed upon; and the recipient, or guardian, shall be informed of this right. The information may be provided orally or in writing, shall be communicated in terms designed to be comprehensible to a lay person, and shall include, without limitation:

- a. An assessment of the recipient's condition and needs, including the specific signs, symptoms or behaviors that any medication is intended to relieve;
- b. The nature of the proposed treatment and/or service, and a statement of the reasons why the professional believes it to be indicated in the recipient's case;
- c. The expected benefits of the treatment and/or service and the known risks that it entails, including precautions, contraindications, and potential adverse effects of any medication;
- d. The anticipated duration of the treatment and/or service;
- e. A statement of reasonable alternatives to the proposed treatment and/or service, if any;

f. Information as to where the recipient may obtain answers to further questions concerning the treatment and/or service; and

g. A clear statement that the recipient has the right to give or withhold consent to the proposed treatment and/or service.

3. Voluntary choice. Consent to treatment and/or services must be given willingly in all cases, and may not be obtained through coercion or deception.

A recipient or guardian's initial refusal of treatment and/or services shall not preclude renewed attempts to obtain the recipient's willing consent; and a recipient or guardian's initial willing consent shall not preclude the recipient from validly withdrawing such consent at any time before or during treatment and/or service.

4. Documentation. The informed consent of a recipient or guardian to a particular treatment and/or service shall be documented to show:

a. From whom consent is obtained, whether recipient, or guardian;

b. That adequate information, including at a minimum all the elements listed in section D(2) of this rule, was provided;

c. The signature of the recipient or, where applicable, the signature of a guardian, indicating consent, in the case of psychotropic medications only.

d. Exceptions. In cases of unanticipated treatment and/or service needs, the informed consent of a guardian may be obtained by telephone; but such oral consent shall be confirmed in writing in accordance with this section as soon as practicable.

E. Recipients with clinical incapacity.

1. Administrative finding. Where a licensed, certified or other qualified mental health professional recommending a particular treatment and/or service determines that, in his opinion, a recipient not having a guardian lacks clinical capacity to give informed consent to the treatment and/or service under subsection D of these rules, he or she shall, by means of a written statement to that effect, refer the recipient to a physician or licensed clinical psychologist not directly responsible for the recipient's treatment for an examination in regard to capacity.

The physician or clinical psychologist to whom the recipient is referred shall conduct the examination, and shall make a documented finding that the recipient either possesses or lacks clinical capacity to give informed consent to the particular treatment and/or service.

a. Finding of capacity. Where the recipient is found to possess capacity to consent to treatment and/or service by the physician or licensed clinical psychologist, he shall be referred back to the licensed, certified or other qualified mental health professional recommending the treatment for the processing of his or her informed consent to or refusal of such treatment and/or service.

b. Finding of clinical incapacity. Where the recipient is found to lack clinical capacity to consent to treatment and/or service by the physician or licensed clinical psychologist, he shall be referred back to the licensed, certified or other qualified mental health professional recommending the treatment for a documented determination as to whether the recipient, notwithstanding lack of clinical capacity, is willing to comply with or refuses the proposed treatment and/or service.

Such determination must be based upon the provision to the recipient of adequate information as required by subsection D(2) of this rule.

If recipient is willing to comply with treatment and/or services, the procedure outlined in subsection E(2) shall be followed. If any recipient refuses treatment and/or services, the procedure outlined in subsection E(3) shall be followed.

Nothing shall preclude the agency from pursuing guardianship in appropriate cases at any time after a determination of clinical incapacity.

c. Notice. Where the recipient is found to lack clinical capacity pursuant to this section, the licensed, certified or other qualified mental health professional recommending the treatment and/or service shall notify the following persons of such finding:

- i. the rights protection and advocacy agency of the Maine mental health system;
- ii. the recipient's next of kin, if the recipient does not object;
- iii. the recipient's designated representative, if the recipient has waived his or her confidentiality with respect to such representative;
- iv. the head of the mental health facility.

Such notice shall include a copy of the documented administrative finding, and shall state that the recipient has been found to lack clinical capacity to give informed consent to a particular treatment and/or service and that notwithstanding such finding, the recipient may refuse treatment and/or service, absent court adjudication of incapacitation.

2. Outpatient recipients with clinical incapacity, compliant. This subsection shall apply where it is determined pursuant to subsection (E)(1)(b) that an outpatient recipient with clinical incapacity is willing to comply with the proposed treatment and/or service. In such case treatment and/or service may be provided only if:

- a. Protective proceedings are initiated in accordance with law;
- b. A licensed, certified or other qualified mental health professional follows the procedures outlined in subsection (D) and, where applicable, subsection (E) on at least an annual basis.

3. Recipients with clinical incapacity, refusing. This subsection shall apply where it is determined pursuant to subsection E(1)(b) above that a recipient with clinical incapacity is refusing the proposed treatment and/or service.

- a. Alternative treatment meeting. The licensed, certified or other qualified mental health professional recommending the treatment and/or service and a representative of the treatment team shall meet with the recipient to explore the reasons for the recipient's refusal and to discuss any appropriate alternatives to the proposed treatment and/or service that may be available and that may include behavioral, psychological, medical, social, psychosocial or rehabilitative methods. The purpose of the meeting shall be to elaborate in an informal setting an alternative treatment and/or service that is both professionally justified and acceptable to the recipient. If agreement can be reached as to an alternative treatment and/or service, review by the Clinical Director or equivalent and approval by the head of the mental health facility, if appropriate, of such treatment shall be processed in accordance with subsection E(2) above.

- b. No agreement. Where no agreement can be reached as to an alternative treatment and/or service, the licensed, certified or other qualified mental health professional recommending the proposed treatment and/or service shall report in writing to the head of the program concerning the outcome of the meeting.

The head of the program may conclude that the recipient's termination from services is the only available option.

F. Electroconvulsive Therapy (ECT). ECT treatment shall not be administered to a recipient except as provided in these rules. The authorized treating professional seeking to administer ECT treatment shall:

1. Obtain written informed consent for such procedure according to the procedures outlined in Part C, Section IV.D.1., 2., 3., and 4.a.-d. of these rules from

- a. the recipient, or
- b. from a court of competent jurisdiction, in the case of a clinically incapacitated recipient, or
- c. from a guardian or other legal decision maker, in the case of a minor recipient or an incapacitated recipient;

2. ECT treatment shall not be authorized pursuant to Section III.E.-H. of this part.

G. Documentation. All documentation required by this rule shall be made a part of the recipient's clinical chart.

H. Seclusion and restraint are under no circumstances to be utilized in outpatient settings.

SB

22

MEMORANDUM

State of Alaska

Department of Environmental Conservation
Division of Environmental Health

TO: Senator Therriault
Heather Brakes
Dave Stancliff

DATE: January 29, 2007

RECEIVED
FEB 01 2007

FROM: Kristin Ryan, Director *KR*

PHONE NO: 907-269-7644

SUBJECT: Senate Bill 22 – request for
information

Below is the information you requested. The Alaska Food Code 18 AAC 31 has a long list of exempted activities. I have selected the portions that are most relevant to discussion of SB 22.

18 AAC 31.012 (3) exempts a bake sale which is the occasional sale to the public for fundraising of packaged jams, jellies, or confections or bakery-type items including fruit or berry pies and cobblers, cakes, cookies, pastries, and breads.

This exemption does not allow the sale of baked goods at events broader than one-time fund raising activities excluding farmers markets. We currently have an arrangement with two markets that allow the sale of baked goods but it requires training we provide free beforehand and oversight by the market organizers to ensure food safety rules are followed.

18 AAC 31.012 (8)&(9) homemade jam, jelly, syrup, herb vinegar, dried herbs, or dried tea leaves, (raw honey) if sold by the individual who prepared the food directly to the consumer at transient occupancy establishment, farmers' market, a roadside stand, or a seasonal event such as a fair or bazaar.

18 AAC 31.012 (11) exempts the sale of raw, whole vegetables and fruit at a farmers' market, roadside stand, or seasonal event.

18 AAC 31.012 (15) exempts the preparation and serving of food by and for members of the groups (meeting or event of private or charitable organization, association or club, party, picnic, potluck, potlatch etc.) When the event is advertised as open to the public with or without charging; it is not exempt.

18 AAC 31.012 (b) basically exempts a commercial food service that has a maximum capacity of 12 and serves 12 individuals or less a day.

Currently, the regulations do not allow for a permitted facility to exist in a home unless it is a bed and breakfast, residential child care facility or assisted living home.

As you can see, the exemption of specific food service activities is highly detailed in regulation. Because of the complexity of exempting activities, DEC would prefer to keep that level of detail in regulation rather than Statute. We have spent the last four years intensely revising the Alaska Food Code to make it more like the FDA model food code. At the time, we considered revising our permitting and exemption sections as well but found that to be too much to take on at once. Once we are adequately implementing the recent changes, I have tasked the program with revising these sections so that they are easier to understand.

We have reviewed a variety of other State programs as a comparison to our own on this topic. The State of Oregon has a permit for small home processors but restricts them to processing only jams, jellies, baked good, salsa, salad dressings and candies. The State of Minnesota has passed legislation to specifically allow the sale of homemade pickles but places significant restrictions on the activity. I have attached a fact sheet about that legislation. The State of Wisconsin discussed similar legislation but from what I understand, it did not pass. We have been unable to find any specific Wisconsin laws that reduce the liability of food processors.

Milk

Finally, you asked what DEC's objections are to the commercial sale of raw milk. As we discussed, the personal consumption of raw milk is perfectly legal and occurs frequently. 18 AAC 32 is Alaska's regulations that define how commercial milk can be processed. These regulations closely follow the U.S. Public Health Service/FDA Pasteurized Milk Ordinance (PMO) which allow the sale of Alaskan processed milk across State lines and to federal agencies such as the military. These regulations also ban the sale of raw milk.

A few of the pathogens known to exist in raw milk included Staphylococcus, Campylobacter, salmonella, E. coli, Listeria, tuberculosis, brucellosis, and Yersina. These pathogens exist naturally in a cow's environment and contaminate the udder and teats. Further, the intrinsic properties of milk, including its pH and nutrient content, make it an excellent media for the survival and growth of bacteria.

In 1987, FDA banned raw milk from interstate commerce. The federal register noted that "raw milk, no matter how carefully produced, may be unsafe." And "It has not been shown to be feasible to perform routine bacteriological tests on

raw milk itself to determine the presence or absence of all pathogens and thereby ensure that it is free from infectious organisms.”

FDA has determined that pasteurization was the only means to assure the destruction of pathogenic microorganisms that might be present. That finding is based on extensive research and epidemiological evidence from the Centers for Disease Control and Prevention (CDC).

Every year, there are multiple documented illnesses associated with the consumption of raw milk, including “certified raw milk.” Research shows no meaningful difference in the nutritional value of pasteurized and unpasteurized milk, leaving FDA to conclude the health risks associated with the consumption of raw milk far outweigh any benefits derived from its consumption.

In the court case *Public Citizen v. Heckler*, 653f. Supp. 1229 (D.D.C. 1986), the federal court concluded that “overwhelming evidence of the risks associated with the consumption of raw milk, both certified and otherwise”. The court stated that the evidence FDA has accumulated concerning raw milk “Conclusively shows that raw and certified milk are unsafe” and “there is no longer any question of fact as to whether raw milk is unsafe”.

Based on the overwhelming evidence raw milk may contain human pathogens, no mechanism to certify raw milk producers has proven to work and that pasteurization removes those pathogens without decreasing the benefits, DEC continues to recommend raw milk not be allowed to be sold in intrastate commerce.

Let us know if you need additional information.



MINNESOTA DEPARTMENT OF
AGRICULTURE

FROM THE FARM TO YOUR FAMILY

FACT SHEET FOR CERTAIN HOME-PROCESSED AND HOME -CANNED FOODS

Dairy, Food & Meat Inspection Division
Minnesota Department of Agriculture
(651) 296-1592

This fact sheet addresses recent legislation (often referred to as the "Pickle Bill") relating to certain home-processed and home-canned foods (Chapter 28A.15 Subd.10). The following requirements relate to this new legislation:

- Products covered by this legislation are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower. See attachment A for information regarding pH and acidity.
- This legislation does **NOT** cover sales of home-canned, low-acid foods such as peas, green beans, beets, or carrots processed by either the use of a boiling water bath or by the use of a home pressure cooker.
- Sales of home-canned foods are limited to a maximum of \$5,000 per year.
- The individual who is selling home-processed or home-canned acid foods under this exemption should have available, upon request of the regulatory authority, documentation of the formulation (recipe) and the equilibrium pH results for the products being sold under this exemption.
- The food products can only be sold at community or social events or farmers' markets located in Minnesota. This includes:
 - county fairs and town celebrationsbut does **NOT** include:
 - craft shows or for profit events and sales to other businesses;
 - interstate or internet sales
 - sales from the home or business
- The seller must display a sign or placard at the point of sale which states:
 - "These canned goods are homemade and not subject to state inspection"
- Each food container must be labeled to include:
 - name and address of the person who processed and canned the goods;
 - date on which the food was processed and canned.
- Persons producing and selling these products are urged to:
 - successfully complete a better process school recognized by the Minnesota Commissioner of Agriculture.
 - have the recipe and manufacturing process reviewed by a person knowledgeable in the food canning industry and recognized by the Minnesota Commissioner of Agriculture as a process authority.

This legislation requires that the home-processed and home-canned foods consists of either an acid food or an acidified food and only applies to pickles, vegetables or fruits. It does NOT apply to adding acid (i.e. vinegar) to pickled eggs, fish or meat, even if the product's final pH is 4.6 or less.

EXAMPLES OF HOME-PROCESSED AND HOME-CANNED FOODS THAT MIGHT BE ALLOWED TO BE SOLD

- The final pH of the food must be 4.6 or less. *Acid foods*¹ are defined as foods that have a natural pH of 4.6 or less and *acidified foods* are defined as low-acid foods to which acid(s) or acid food(s) are added.
- The types of foods that might be allowed under this exemption include, but are not limited to, home-processed or home-canned sweet or dill pickles, tomatoes, salsa, apples, cherries, grapes, plums, peaches, flavored vinegars, and naturally fermented foods such as sauerkraut, pickles and KimChi (a Korean style of fermented vegetables) as long as the final pH is 4.6 or less.

EXAMPLES OF HOME-PROCESSED OR HOME-CANNED FOODS THAT WOULD NOT BE ALLOWED TO BE SOLD UNDER THIS LEGISLATION.

Foods that are home-processed or home-canned that are not pickles, vegetables or fruits

- e.g., home-canned fish, pickled eggs, and meat are not allowed.

Foods that have a pH of 4.6 or greater

- The following foods have a natural pH above 4.6: artichokes, asparagus, beans (lima, string, kidney, Boston style, soy, waxed) beets, broccoli, Brussels sprouts, cabbage, carrots, cauliflower, horseradish, sweet corn, egg plant, mushrooms, peas, most all peppers, potatoes, squash, spinach, and vegetable soups.
- Therefore, these foods are not allowed unless the pH of these foods is reduced to pH 4.6 or less.

Foods that require refrigeration

- Fresh-processed (not canned) foods that require refrigeration such as fresh salsa, pesto, etc. are not allowed

¹ Code of Federal Regulations Title 21 Part 114.3

WHAT ABOUT THE OTHER FARMERS MARKET OR COMMUNITY EVENT EXCLUSION THAT APPLIES TO NON-POTENTIALLY HAZARDOUS FOODS?

This exclusion (Subd. 9) allows individuals to sell home-processed, non-potentially hazardous food at a community event or farmer's market with gross receipts of \$5,000 or less in a calendar year from the prepared food items. It allows homemade foods such as cakes, fruit pies, breads, rolls, lefse and maple syrup made in a person's home as long as the other provisions in the exclusion are met.

INTERNET LINKS THAT PROVIDE ADDITIONAL INFORMATION OF HOME PROCESSING AND HOME CANNING OF FOODS

The following links provide information on home processing and home canning:

USDA Complete Guide to Home Canning

<http://extension.usu.edu/files/foodpubs/canguilb.pdf>

Home Food Preservation

<http://foodsafety.cas.psu.edu/Foodpreservation/resources.htm>

Colorado State Food & Nutrition Fact Sheets

<http://www.ext.colostate.edu/pubs/foodnut/pubfood.html>

Home Canning

<http://southernfood.about.com/od/canning/>

Numerous other links can be found just by typing in "home-canned foods" or "pickles" in a search engine such as Google Search (www.google.com)

**Attachment A
FOR EXCLUSION 28A.15 Subd. 10**

What is pH?

pH measures the amount of acidity or alkalinity using a numerical scale between 1 and 14. A pH value of 1 is most acidic, a pH value of 7 is neutral and values above 7 are referred to as basic or alkaline.

How is pH measured?

The pH meter is an electronic instrument used to measure pH by the use of an electrode. There are desktop units and pocket size units. The latter would be the unit of choice for most people that are testing their home-processed or home-canned foods because they are smaller and much less expensive (around \$100.00 or less).

Paper strips that measure pH are not that accurate and rely on a color change in the paper. Therefore, paper strips would not be applicable for testing acidified or acid foods.

What is equilibrium pH?

Equilibrium pH is the final pH of a food product after the acidulant (food acid) reaches equilibrium (same pH value) with the food itself. For example, the initial pH of fresh cucumbers in vinegar will not have the same pH as the vinegar until equilibrium has been obtained.

What are the procedures for testing pH?

The equilibrium pH for food products less than 2 months from the date of processing will require that the food sample be finely ground in a blender prior to testing the pH.

For foods with a process date greater than 2 months, the pH may be taken of the brine only since the contents should be in equilibrium.

Who can test for pH?

The pH result(s) could be obtained either by the person who processed the food, if that person is capable of performing an accurate pH analysis, or from a private laboratory that conducted the analysis.

If one pH analysis is being provided by the person under this exemption, that individual should follow the exact recipe and procedures for each batch of food made. This will help ensure a consistent pH similar to the initial one noted in the analysis.

A separate pH test is required for each different product offered for sale under this exemption.

Examples of pH for different foods

dill pickles (pH 2.6-3.8), tomatoes (pH 3.7-4.9), distilled water (pH 7), garlic (pH 5.3-6.3).

Where can one find pH values for common foods?

The pH values for many common foods can be found on the following website:

<http://www.cfsan.fda.gov/~comm/lacf-phs.html>

SB 22 Sale or Donation of Home Food Items

SB 22 hinders the State's ability to fulfill its constitutional responsibility to protect the public's health. Investigating reports of foodborne illness and stopping the sale of unsafe food would not be possible if the suspected product came from a private home or from a "farm."

SB 22 would allow food products, including items such as canned fish, shellfish or unpasteurized cheese, created in a home kitchen or grown on a farm, to be sold in any quantity to the public and distributed through retailers.

SB 22 creates a double standard; individuals selling food will not be regulated, while restaurants selling an identical food will be regulated.

Regulations should be based on protecting the public from health risks, not the identity of the person selling the product.

The Alaska Food Code currently allows low risk activities without a permit.

Under existing regulations, individuals can prepare and sell raw honey, homemade jams, jelly, syrup, herb vinegar, dried herbs, or dried tea leaves directly to consumers at a bed and breakfast, farmers' market, roadside stand, or seasonal event such as a fair or bazaar.

Current regulations also allow individuals to sell raw whole vegetables and fruit in their natural state or rinsed and trimmed.

In addition, existing law allows organizations to sell non-hazardous items baked by individuals at fundraising events or seasonal events such as fairs or bazaars.

CDC reports 25% of foodborne illness caused by food prepared in private home.

The U.S. Center for Disease Control (CDC) estimates that each year 76 million people fall ill, 5,000 die and over 325,000 are hospitalized because of foodborne illness.

In Alaska between 2000 and 2003, there were 43 known outbreaks in Alaska sickening 479 people. At least 27 of these outbreaks originated from home cooking. It is important to remember that underreporting is significant – for every 1 report, there are 25 unreported cases of foodborne illness.

Foodborne illness and the resultant chronic secondary illnesses result in \$6.9 billion dollars annually in medical costs, productivity losses, and the costs of premature death.

SB 22 Sale or Donation of Home Food Items

Food safety regulations require minimum standards that protect public health.

The current regulations, the Alaska Food Code, establish minimum standards developed by the FDA Model Food Code, which is based in science and collaboratively developed by FDA, CDC, industry, and academia, among others.

Under these existing regulations, DEC often permits kitchens that were constructed for under \$1,000. To receive this permit, the operator must simply demonstrate the food product can be prepared safely in the available facility.

As part of the permit process, operators demonstrate their familiarity with processing food safely and keeping their kitchens clean. If an operator does not have an adequate facility, for example the kitchen has wastewater that doesn't drain and may overflow or porous counter surfaces that cannot be disinfected, the operator will not be able to sell food to the public until such issues are resolved.

Food products that are improperly processed, canned, dried, fermented, salted, smoked or vacuum packaged provide an ideal environment for life-threatening bacteria such as botulism, *E. Coli*, *Salmonella*, *Listeria monocytogenes*, etc.

Selling food is a commercial enterprise.

Current Statutes and regulations encourage home food donations to food banks. However, selling food products to the public for profit requires some regulation and a consideration of the risks of the food product being sold.

Existing regulations allow for this process and help ensure only safe food is sold to the public.

Intentional harm with food is rare. A cook is not trying to sicken their customers. Why would

Almost double the number of people die of foodborne illnesses annually than from fire.

Alaskan consumers deserve safe food.

The Alaska Constitution mandates the State protect the health of its citizens.

The causes of foodborne illness and its prevention are well known.

Current law and regulation allow for low-risk food products to be sold from home kitchens.

A high-risk food product should not be sold without some degree of oversight. That the product came from a "home" kitchen does not reduce the risk of serious injury or death to the person who consumes it.

SB

27

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB067-DHSS-DBH1-03-09-07
 Bill Version: SB 67
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU: Behavioral Health
 Component: Behavioral Hlth Medicaid Svcs

Revision Date/Time (Note if correction): _____
 Title: MEDICAL ASSISTANCE ELIGIBILITY

Sponsor: WIELECHOWSKI
 Requester: SENATE (HES)

Component No. 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims		3,842.4	4,172.8	4,531.7	4,921.4	5,344.6
Miscellaneous						
TOTAL OPERATING	0.0	3,842.4	4,172.8	4,531.7	4,921.4	5,344.6

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts		2,017.6	2,113.5	2,265.8	2,460.7	2,672.3
1003 GF Match		1,824.8	2,059.3	2,265.9	2,460.7	2,672.3
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	3,842.4	4,172.8	4,531.7	4,921.4	5,344.6

Estimate of any current year (FY2007) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 SB87 (section 2, AS 47.07.020(b)) resets the upper income limit for Denali KidCare (DKC) pregnant women and for uninsured children under the Title XXI State Children's Health Insurance Program (SCHIP) to 200 percent of the prevailing federal poverty guideline (FPG) for Alaska. Currently the qualifying income limit for these children and pregnant women is set in statute at 175% of the 2003 FPG (effectively, about 154% of the current FPG). Enrollees in these categories do not pay premiums or co-pays and are eligible for all mandatory and optional services provided through the state's Medicaid State Plan.

(continued)

Prepared by: Janet Clarke Phone 465-1630
 Division: Finance and Management Services Date/Time: _____
 Approved by: Karleen Jackson, Commissioner Date 03/09/2007
 Agency: Department of Health and Social Services

**FISCAL NOTE
FN #**

**STATE OF ALASKA
2007 LEGISLATIVE SESSION**

ANALYSIS CONTINUATION

We assume that 436 additional pregnant women will enroll if their qualifying income is revised to 200 %FPG, based on the difference between the number of pregnant women with incomes above 150% FPG that were enrolled in 2003, before the current statute took effect, and the number enrolled in 2006. The number of children expected to enroll in Medicaid if the SCHIP qualifying income level is increased to 200% FPG is estimated as the number of SCHIP children with incomes above 150% FPG that dropped from the program between 2003 and 2006 (2,553 children). This corresponds to 2,553 children per 50 point increment in the percent of FPG (50 points is approximately the difference between the current effective 154% FPG income limit for this group and 200%).

For this analysis, the annual cost per enrollee per year (CPEPY) to reinstate SCHIP children up to 200% FPG is based on the current annual cost per enrollee (\$1,387 in 2006) for uninsured children with qualifying incomes above 150% FPG. The CPEPY to reinstate DKC pregnant women up to 200% FPG is based on the current annual cost per enrollee pregnant women with incomes above 150% FPG (\$2,915 in 2006). Medicaid costs are calculated as the number of persons enrolled times the CPEPY, inflated to 2009 dollars.

SB 87 also creates a new group of Medicaid eligible children in higher qualifying income categories (section 3, AS 47.07.022). To qualify, children must be under 19, between 201 and 350% of the prevailing FPG, and have no insurance. They will be required to pay premiums to the State of Alaska ranging between \$200 and \$1200 per year (sliding scale based on qualifying income). In this analysis, we use an average \$700 annual premium for all enrollees above 200% FPG. Those above 250% FPG will also be responsible for co-payments equal to 20% of the cost of service, payable to the provider at the time of service. SB87 does not impose an annual deductible.

The Deficit Reduction Act (DRA) section 6041 stipulates that co-payments cannot exceed 20% of the cost of the service claimed. Annual out-of-pocket expenses for cost sharing and premiums cannot exceed 5% of family income. We estimate that children near the 250% FPG level will reach out-of-pocket limits when costs of services approach \$7,000. Because, on average, the cost per enrollee per year is expected to be lower than the average out-of-pocket limit, the ceiling on cost sharing is not a factor in calculations for this fiscal note. On an individual basis however, some children will likely reach cost-sharing limits.

(continued)

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 87
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Corrections
 Title An Act expanding medical assistance coverage RDU Administration & Operations
eligible children and pregnant women . . . Component Office of the Commissioner
 Sponsor Senators Wielechowski, French, Ellis, Elton, Davis
 Requester Senate Health, Education, and Social Services Component No. 694

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Passage of this legislation will not have a fiscal impact on the Department of Corrections.

Prepared by: Sharleen Griffin, Director Phone (907) 465-3339
 Division Administrative Services Date/Time 3/1/07 12:33 PM
 Approved by: Dwyane Peoples, Deputy Commissioner Date 3/1/2007
 Agency Department of Corrections

Richard Benavides

From: Rebecca Braun [rbraun@alaska.com]
Sent: Friday, March 23, 2007 4:24 PM
To: Richard Benavides
Subject: *****SPAM***** FW: SB 27/SB 87

FYI.

Rebecca Braun
Alaska Budget Report
ph: 907.523.2122
fax: 907.586.1987
rbraun@alaska.com
www.akbudgetreport.com

From: Hill, Sherry [mailto:Sherry_Hill@health.state.ak.us]
Sent: Wednesday, March 14, 2007 2:58 PM
To: Rebecca Braun
Cc: Clarke, Janet E.
Subject: RE: SB 27/SB 87

Rebecca:

These 2 bills and HB140 are pretty complex proposals, the bill sponsors are working on their legislation, and the finance committees will have a lot to say about the proposals – so it is all very fluid right now.

Generally, at this moment I'd say this is the DHSS take on the proposals:

With the income eligibility guidelines frozen at 175% of the 2003 Federal Poverty Level for Alaska (FPL), the dollar value is the equivalent of setting the eligibility for Denali KidCare at just under 155% of the 2007 FPL. Once the FPL increases to cause Denali Kid Care to fall below the federal floor of 150% of the FPL for Alaska, it will result in the loss of federal SCHIP funds. In addition, when the DKC eligibility falls below 150%, the match rate will fall to the standard match rate for Alaska instead of 70% as it currently stands.

DHSS supports lifting the freeze of the current fixed dollar amount for DKC eligibility, using the annual federal poverty guideline as an index, at whatever percentage rate above 150% that the legislature deems appropriate.

Thanks,
-Sherry

*Sherry L. Hill, M.Sc.P.R.
Communications Officer/Legislative Liaison
Department of Health and Social Services
Juneau*

--
No virus found in this outgoing message.
Checked by AVG Free Edition.

3/23/2007

ALASKA BUDGET REPORT™

March 15, 2007

© ABR Company

Volume 17, No. 9

CONTENTS

OVERVIEW

Halfway there? 1

OPERATING BUDGET

DHSS budget subcommittee defers big-ticket items 2

Subcommittee rejects Court staffing increases 6

H. Finance subcommittee leaves Gov's DOTPF budget as is 7

MEDICAID

Committee moves bills thawing Denali KidCare eligibility freeze..... 8

OIL AND GAS

Consultants collected \$26 million for gas line advice..... 11

PERSONALITIES

Interview with Beth Kerttula 14

TRANSITIONS

Staff changes 18

Rebecca Braun, publisher and editor
Gregg Erickson, editor-at-large
Patty Ware, reporter

ABR Company, 319 Seward St. Suite 7, Juneau, AK 99801
Phone: 907.523.2122 Fax: 907.586.1987
E-mail: rbraun@alaska.com Website: www.akbudgetreport.com

The ALASKA BUDGET REPORT is a copyrighted publication of ABR COMPANY, published weekly when the Alaska Legislature is in session and irregularly during the interim. Copying and electronic reproduction strictly prohibited except by written license.

ALASKA BUDGET REPORT

March 15, 2007

OVERVIEW

Halfway there?

Experienced marathon runners say you're halfway through the 26-mile course when you reach mile 20. Likewise the legislative session: although tomorrow is the halfway point in terms of distance, legislators know that far more than half of their work remains. But if some legislators are wondering how they'll finish by the 121-day mark, recollecting the repeated torture of last year's special sessions has concentrated their minds on getting done by the May 16 adjournment deadline.

Ten legislators plus some sixty lobbyists, functionaries, and other onlookers packed the House Finance Committee room for Tuesday's opening hearing on the Alaska Gasline Inducement Act. After being mostly invisible for the past two months, House Oil and Gas Chair Vic Kohring surfaced to preside over consideration of the governor's gas pipeline bill. Kohring has scheduled daily hearings next week on the bill and said he expects to work on it for "a couple weeks." He plans to take testimony from industry officials and others next week and work on committee amendments after that.

Senate Resources held its first AGIA hearing on Wednesday, and Chair Charlie Huggins said he'd start holding weekend hearings at the end of the month.

"The Senate president and majority leader want it done before adjournment," said Huggins. Both committees are the first of three referrals in their respective chambers.

House Finance subcommittees have "closed out," but Co-chair Mike Chenault instructed subcommittee chairs—the seven Finance Committee members in the Republican majority caucus—to withhold action on all requests for retirement cost increases and fuel and utilities cost increases. In recent years the committee has categorized increases for fuel and utility costs as "one-time" items on the theory that the increased prices may be temporary and should not become part of agencies' base budgets.

Chenault is expected to produce committee substitutes for the operating budget bills, HB 95 and 96, at a 1:30 hearing today.

Legislative Finance Director David Teal has been working on a plan to help local governments absorb increased retirement contribution costs. It's unclear whether the committee will grant the

governor's request for \$48 million in aid to local governments; the money was stripped from a subcommittee budget pending full Finance consideration. Legislators approved that amount last year on a one-time basis, and this year some lawmakers suggest state aid for retirement costs may replace other forms of local government aid.

Legislators this week took to task several of Palin's appointees. Fish and Game Commissioner-designee Denby Lloyd faced pointed questions at a Monday confirmation hearing in Senate Resources, where members suggested the fisheries scientist might have too much of a fish bent, and might not pursue "predator control"—read wolf killing—as aggressively as the senators would like. The committee plans to hold another confirmation hearing to continue taking public testimony on Lloyd's qualifications.

In House Judiciary, Palin's designated attorney general Talis Colberg had a second confirmation hearing. Noting that he'd never supervised more than four people, members questioned his management skills now that he is on his third chief prosecutor in as many months. The committee nonetheless forwarded Colberg's name to the full House for a joint confirmation vote.

OPERATING BUDGET

DHSS budget subcommittee defers big-ticket items

The Department of Health and Social Services would be authorized to spend \$2 million in FY 08, including \$812 million in general funds, under a House Finance budget subcommittee recommendation approved March 12. The totals represent an increase of 8.5 percent in general fund spending over the department's FY 07 spending plan. Other state funds are also up, by 6 percent, and federal funds are anticipated to be down by 5 percent, in large part due to a pending drop in Alaska's federal medical assistance percentage (FMAP), which determines the federal share of the Alaska's Medicaid costs.

The subcommittee, chaired by Rep. Mike Hawker, recommends spending \$50 million less in general funds than Gov. Sarah Palin requested in her amended budget. The lion's share of the reductions—\$46 million—reflect deferred decisions, as the table on page 3 shows.

Hawker said money for the Alaska Longevity Bonus program should be included with a fiscal note if lawmakers approve legislation reinstating the program. Likewise, Hawker deferred action on the state's Senior Care program, which is set to expire June 30. Several bills have been introduced that would extend or expand the program. Hawker himself introduced legislation yesterday replacing Senior Care with Alaska Senior Assistance, which would pay out nearly \$20 million in benefits provided on a sliding scale based on need.

"The Alaska Senior Assistance Program combines desirable features of the longevity bonus and Senior Care into a single needs-based structure that delivers real help to low-income seniors across our state," Hawker said in a press release on HB 198.

In keeping with directives from Finance Co-chair Mike Chenault, Hawker deferred action on retirement cost increases as well as fuel cost increases.

In addition to the anticipated loss of \$36 million due to a reduced FMAP, the state expects to lose \$4 million in federal aid due to the 2005 federal Deficit Reduction Act. The money went primarily to the Office of Children's Services and, Hawker says, was fully replaced with general funds.

House Finance subcommittee changes to Gov's Health and Social Services request

(GF only)

	(millions)
defer action on Longevity Bonus costs	(\$31.3)
defer action on Senior Care costs	(\$8.0)
defer action on retirement cost increases	(\$6.2)
reduce "faith-based initiatives" staffing and activities	(\$1.6)
reduce "bring the kids home" initiative requests	(\$1.1)
replace GF with other funds for Behavioral Health grants	(\$1.0)
reduce Medicaid by amount used for abortions	(\$0.6)
defer action on fuel cost increases	(\$0.5)
reduce Alaska Psychiatric Institute crisis recovery request	(\$0.4)
deny two new positions in Public Health	(\$0.3)
reduce request to replace federal aid in Behav. Health admin.	(\$0.2)
reduce "disproportionate share hospital" (DSH) audits request	(\$0.1)
reduce "general relief" increment	(\$0.1)
honor Mental Health Trust Authority requests	\$0.3
<u>restore human services matching grants</u>	<u>\$1.5</u>
Total	(\$49.6)

Hawker's plan partially replaces lost federal aid for Behavioral Health operations, substituting \$500,000 in general funds in place of the \$734,100 requested by the governor. He fully replaces a loss of \$3.2 million in federal aid to maintain existing Behavioral Health grants. The grants go to agencies statewide, and Hawker says the department isn't ready to make good decisions about which agencies to cut off. "A laudable effort by the department to improve accountability for results by introducing a system to rate grant recipients is not sufficiently mature to make fair and equitable determinations," Hawker writes in his closeout narrative.

The subcommittee plan accepts nearly all of the governor's requested decrements, with the notable exception of human services community matching grants. Hawker has not been a great fan of the program, which provides \$1.5 million to Anchorage, Fairbanks and the Matanuska-Susitna Borough for distribution to local agencies. But he is even less of a fan of providing government money for "faith-based" programs, and he reversed the governor's plan to shift human services matching grant money to "faith-based and community initiatives." He later relented and agreed to support an amendment adding back a portion of the money.

Monday's closeout meeting lasted just over an hour and was a genial affair. The subcommittee approved five amendments, all with Hawker's support.

Amendment 1, by Hawker, substitutes \$1 million in federal Temporary Assistance for Needy Families bonus money for a like amount of tobacco cessation fund money. The money partially offsets loss of \$3.2 million in federal dollars for behavioral health grants; the rest of the money is provided in general funds.

Rep. Bob Roses said he understands this amendment would satisfy concerns about meeting Master Settlement Agreement requirements on spending a certain percentage of the state's tobacco settlement revenue on tobacco-related programs.

"As best as we can tell, yes," concurred Hawker.

Amendment 2, by Rep. John Coghill, is Coghill's perennial statement that he doesn't approve of spending state money for abortions. The amendment reduces state Medicaid appropriations by \$576,100, the amount used to pay for 1042 abortions in calendar year 2006. "The way I count that, that's 1,042 children killed," Coghill said.

Unlike past years, Hawker did not mention that the state is under court order to pay for the abortions and will simply spend the money and request a supplemental if needed—undermining the subcommittee's "truth-in-budgeting" efforts.

Rep. Nancy Dahlstrom asked to be shown as a co-sponsor of the amendment.

Rep. Lindsey Holmes briefly spoke against the amendment. "I have a problem with the idea of penalizing the department for complying with the law."

The amendment was adopted, 5-2, with only Holmes and Rep. Sharon Cissna opposing it.

Amendment 3, by Rep. Peggy Wilson, provides \$414,300 for four positions in the Office of Faith-Based and Community Initiatives. Wilson called it a wonderful initiative that gets a lot of bang for the buck because it supports community volunteers.

Hawker noted that the increment is for operating money for the department, not grants.

Cissna said she would oppose the amendment because the people providing services need it more than the department does. "I just could see it used in the community itself."

Hawker said he shares Cissna's concern. "I also have philosophic concerns about not maintaining a bright line between faith activities and government activities." But he said the department has assured him they respect that bright line.

Coghill added, "The phrase, 'We're here from the government and we're here to help' always makes me nervous when it comes to faith communities." But he said he too will support the money.

The amendment was adopted without objection.

Cissna's amendment 4 provides a \$300,000 general fund increment requested the governor for 12 "social detox" beds in Anchorage.

Cissna said two private entities would provide the beds for inebriates to sober up in a safe place. "If they don't have someone at home—if they don't have a home—if there may be medical issues but no one is quite certain," she said, they can be cared for in close proximity to medical care.

Hawker said Cissna made a compelling argument and he had agreed to co-sponsor the amendment. "My concern is that this is something we have not invested in prior [to now] and I worry about it being the beginning of something that becomes very expensive and viewed as a fundamental state responsibility."

The amendment was adopted without objection.

Amendment 5, by Holmes, adds \$516,700 in general funds and \$172,200 in federal funds for six new front-line social workers in the Office of Children's Services. Holmes said the amendment

implements about half the increase recommended by a 2006 study on front-line workload. The governor requested the increment in her budget.

Coghill said he'd support the amendment but added that there have been difficulties filling existing positions.

Hawker echoed Coghill, and said OCS will be in a better position to make use of more money in FY 09 after undertaking reforms in FY 08. "But we've seen some rather horrific things," he said, which compel him to support the amendment.

The amendment was approved without objection.

Holmes offered amendment 6, adding \$1 million in general funds to increase payments to foster parents. The department did not request the increment, and after discussion Holmes withdrew the amendment and instead requested the department look at payments to foster care families, which she said have not increased in eight years.

Holmes' amendment 7 and Cissna's amendment 8 were identical and add \$1 million GF for the department's "bring the kids home" initiative, which aims to build in-state resources so children with behavioral health problems can stay in Alaska for treatment. The subcommittee provided about \$3 million of the \$4 million the governor requested.

Cissna noted that department officials said the last million dollars may be premature, but said comments she's heard from providers suggest otherwise. "That is something I have real questions about." She said she'd like to treat the amendment as a statement to the full Finance committee to make sure there aren't "holes in the system."

Hawker said based on department feedback he would not support the amendment, but that he would ask for a status report, "where we have been, where we are going, a five-year roadmap on the Bring the Kids Home initiative."

Holmes and Cissna withdrew their amendments.

With no further amendments, Hawker solicited committee comments. Coghill emphasized how much money the state spends on health and social services. Federal aid is going to fall away, he warned, and what money does come will have tighter restrictions. "It may be that along the way we're going to have to decide what services we can and cannot supply."

Roses said as a freshman legislator he was more dependent on the department than he'd like to be and will go by the adage, trust but verify. "Next year the line of questioning will be a little more intense than it was this year."

Wilson said Alaska is unique in its lack of personal taxes: "Most people don't participate in any way to help fund any of this. ... Obviously we can't continue to just give and give and give without trying to get back."

Hawker expressed appreciation for the comments on fiscal sustainability, and voiced concern about the upcoming 90-day session: "I have some very grave concerns about our ability to operate as fully transparently as we've done. ... We may very well be looking at an abbreviated process next year."

Hawker thanked subcommittee members for their hard work and department officials for their responsiveness and professionalism. The subcommittee adopted the amended report—with seven pages of intent language—without objection.

Subcommittee rejects Court staffing increases

A House Finance budget subcommittee lopped \$3 million off the governor's amended request for the Alaska Court System at a March 12 operating budget closeout hearing. The subcommittee budget plan totals \$84 million, with general funds comprising \$82 million.

The subcommittee rejected 14 of the Court's 22 requested increments for FY 08. Per instruction from House Finance Co-chair Mike Chenault—who also chairs the Court System's budget subcommittee—requests for increased fuel costs were deferred to full Finance. Last year the committee approved requests for fuel and utilities increases in the FY 07 budget, but approved the requests as "one-time" items so they would not become part of agencies' base budgets.

The other 13 rejections are primarily personnel related. The Courts requested \$1.3 million for increased staff: technical positions to manage and maintain the Courts' new case management system; new court clerk positions and expansion to full-time for positions in rural areas due to increased case filings; a custody investigator in Juneau; a new staff attorney; a security manager and a contracts and leasing manager. The subcommittee also rejected raises for retired judicial officers who fill in during judicial absences and for court-appointed attorneys representing indigent clients who are not eligible for services from the Public Defender or Office of Public Advocacy.

Among other rejected items are \$332,800 from the public building fund for the Juneau and Palmer courthouses; computer replacement fund increases of \$150,000; and travel fund increases of \$75,000 for "proficiency training in using the case management system and professional development."

Chenault's plan also rejects a request for \$665,000 for a "G" step on the Court's salary schedule. Under the court's current salary schedule, employees are not eligible for a raise after reaching "F" step, earned in the sixth year of service. Non-supervisory employees in the executive branch negotiated a "G" step effective FY 01 but the Court's requests for parity have thus far been rebuffed.

Chenault invited the courts' Deputy Administrative Director Chris Christensen to tell the subcommittee where the requested expansion of the court system's salary schedule will do the most good.

"Seventy percent of our employees are a range 15 or below and if you're going to fund it, it makes sense to do so for the lowest paid," Christensen testified, adding that there are problems any time an increase is provided for a subset of agency staff.

"I want to continue talks with you and the department," said Chenault. "We will try to come to agreement on the proper amount of money to retain good employees in the Court System."

Christensen drew the subcommittee's attention to two rejected increments he said are not discretionary. A rejected \$75,000 increment for Bethel security screening is problematic because the Court System received partial funding in FY 07 for security personnel for six months, and needs \$150,000 to annualize security services.

He also pushed for \$72,000 in public building fund monies for space in the recently purchase Palmer hospital being used by the court and connected by a 150 foot causeway. "We're being charged by DOA for the lease in Palmer," Christensen said. "We can't decline to pay so this amounts to a reduction in our budget."

Chenault's plan grants a request to replace Mental Health Trust Authority authorized receipts (MHTAAR) with general funds for the Palmer mental health courts and therapeutic courts

coordinator position, but at a reduced level. Christensen says the amount of general funds provided will leave the Court System \$80,000 short. The item was not discussed at the subcommittee closeout.

The subcommittee approved requests for \$75,000 to cover increases in the state's per diem rate for employees traveling on state business; \$50,000 to increase criminal justice workgroup staffing; and \$3,800 for increased office space costs for the Commission on Judicial Conduct.

The subcommittee grants three requested increments as one-time items, including \$12,700 for increased work stemming from the hire of more judges and \$261,000 for increased juror pay and Anchorage juror parking costs [see *Courts score new judges, big raises in committee bill, ALASKA BUDGET REPORT*, February 23, 2006].

Chenault and subcommittee members Kurt Olson, Ralph Samuels, Max Gruenberg and Scott Kawasaki adopted the report without objection. Subcommittee members Vic Kohring and John Harris were absent.

H. Finance subcommittee leaves Gov's DOTPF budget as is

With the exception of increases requested for fuel, utility and public retirement costs, a House Finance subcommittee accepted Gov. Sarah Palin's amended FY 08 operating budget request for the Department of Transportation and Public Facilities.

The subcommittee closed out its budget in six minutes at 7 a.m. hearing on March 9. Subcommittee chair Rep. Richard Foster brought donuts.

"Mr. Chairman, this is the smoothest running finance subcommittees of all that I've sat on," Rep. Paul Seaton lauded Foster.

Foster's legislative aide Larry Labolle presented the subcommittee recommendations, which generated little discussion. As instructed by Finance Co-chair Mike Chenault, the subcommittee deferred action on \$18 million in fuel, utility and public retirement increases. Those issues will be addressed for all departments in a Finance Committee substitute.

The subcommittee accepted all other increments and decrements proposed in the governor's amended budget. The general fund total is \$208 million, \$18 million less than the governor's amended budget. The subcommittee increases authority to spend federal and other funds by \$5.7 million, including \$3.1 million in increased CIP receipts and \$1.5 million in marine highway fund monies.

The subcommittee approves the governor's request for 20 new positions, including 16 at the Anchorage International Airport to replace contract personnel. Labolle said the move will save nearly \$2 million due to increased flexibility because the positions can be used in multiple locations.

The subcommittee also adopted a letter of intent requesting that the department purchase calcium chloride for dust abatement on unpaved roads; continue maintaining the Fox Spring water source in Fairbanks until another entity assumes those responsibilities—the governor cut \$30,000 for maintenance of the spring; and coordinate Anchorage-area snow removal efforts with the Municipality of Anchorage.

Rep. Mike Doogan wrote a memo to Foster describing lack of coordination between DOTPF and the Municipality of Anchorage snow maintenance staff: "[D]epartment personnel sometimes plow snow off a roadway and onto a previously cleared sidewalk, rendering it impassable." Doogan said he intends to make the same request of the city.

The subcommittee adopted the report without objection.

MEDICAID

Committee moves bills thawing Denali KidCare eligibility freeze

A Senate committee endorsed two bills that would reverse a 2003 income eligibility freeze for Denali KidCare, Alaska's health insurance program for low-income children and pregnant women.

"Either one of these bills might have some problems with passing out of Finance so we would like to send both bills up there and hope they would ... come up with a way that we could improve the system that we have," said Sen. Bettye Davis, chair of the Senate Health, Education and Social Services Committee, at a March 12 hearing.

Davis' bill, SB 27, and Sen. Bill Wielechowski's SB 87 raise the household income limit for Denali KidCare to 200 percent of the annually updated federal poverty guideline for Alaska. The current limit is frozen at 175 percent of the 2003 guideline for Alaska—equal to 155 percent of today's poverty level, according to the Department of Health and Social Services. If the new standard is adopted the annual income ceiling above which a single parent and child loss eligibility will rise from its current level of \$21,060 to \$27,000 per year, and rise (or fall) thereafter with changes in the federal guideline levels for Alaska.

Denali KidCare enrollment peaked at 12,500 children in 2003, the year the freeze took effect [see **House defeats Dems' amendments, okays eligibility squeeze**, *ALASKA BUDGET REPORT*, May 7, 2003]. DHSS officials say the number of children now enrolled has dropped to 8800. In its FY 08 budget overview DHSS notes that reducing the Denali KidCare rolls has reduced the federal share Alaska's Medicaid spending, because the federal government provides a higher match rate for Medicaid spending on state children's health insurance programs.

Davis' SB 27 also returns the income standard for nursing home residents and home- and community-based waiver clients to 300 percent of the prevailing supplemental security income (SSI) standard. That standard was also frozen in 2003.

Wielechowski's SB 87 does not reverse the SSI eligibility freeze. But SB 87 includes new language that would allow families with incomes up to 350 percent of the federal poverty guideline for Alaska to "buy into" Denali KidCare using a sliding-scale rate for premiums and a 20 percent co-pay. Participants would have to certify that they don't have access to workplace health insurance.

"SB 87 is cheaper, smarter and more moral than the status quo," Wielechowski told committee members. He said the intent of his "No Child Left Uninsured Act" is to make health insurance available to all children in Alaska, while asking those families that can afford it to make a financial contribution toward their coverage.

According to Wielechowski, Alaska ranks 48th among the 50 states in its eligibility guidelines. He said an estimated 18,000 children in Alaska are uninsured, the vast majority from working families. Uninsured children have higher health risks, he added, and are more likely to develop chronic diseases and acute conditions.

Wielechowski said uninsured children are four times as likely to use costly emergency care when they need medical attention. Providence and Alaska Regional hospitals report providing uncompensated care worth a combined \$89 million in 2006. "These costs are passed on to other hospital users through higher charges for medical services." Insurance companies in turn raise their premiums, and costs are often shifted to employees.

Wielechowski said the cost of covering children under Denali KidCare is cheap, at \$1400 per year. "While the cost is not insignificant, I believe it's a bargain and a cost-saver in the long run."

Davis aide Thomas Obermeyer presented Davis' bill, hitting many of the same points. He said 41 states' eligibility levels are at or above the 200 percent poverty standard. He emphasized the benefits of early intervention and preventive health care, and the higher federal medical assistance percentage (FMAP) provided for Denali KidCare. Of the \$29 million the program cost last year, he said, the federal government paid \$18 million.

Sen. Fred Dyson suggested the state will likely return to deficits at the end of FY 08. "Have you thought about what we should stop doing?" he asked Wielechowski.

Wielechowski, an Anchorage Democrat serving his first term, launched into an energetic response, citing the state's \$1.3 billion estimated surplus and noting that Alaska is one of the nation's wealthiest states, with no sales tax or income tax: "Other states seem to make do. ... I guess it's just a matter of priorities."

"Nice move," said Dyson, nodding.

The 2003 legislation freezing eligibility passed along party lines (with one exception—Republican Rep. Bev Masek voted against it). Democrats, who were in the minority in House and Senate, argued that lawmakers were seeking to balance the budget on the backs of pregnant women and children. In offering a House floor amendment meant to keep pregnant women from losing health coverage, Rep. Eric Croft argued: "Wouldn't this be the last thing you would do? Maybe end here, on your last dime—but start here?"

Gov. Frank Murkowski introduced the 2003 legislation freezing eligibility at the 2003 federal guidelines for 200 percent poverty. Senate Republican reduced that to 175 percent of poverty, arguing that eligibility standards were too high, and given its then-bleak fiscal outlook, the state couldn't afford such generous benefits.

Dyson, speaking at a 2003 Senate committee hearing, suggested that some recipients were freeloaders: "What is the justification for ... having their lifestyle supported by others, which some of us used to call charity?" [See **H. Finance approves bill to freeze Medicaid eligibility limits**, *ALASKA BUDGET REPORT*, April 2, 2003 and **Bills would clear way for Medicaid cuts**, March 12, 2003.]

At Monday's hearing DHSS Commissioner Karleen Jackson testified briefly, thanking the sponsors for bringing the bills forward. "We don't want to have kids falling off ... and we also don't want to lose our enhanced FMAP rate."

Asked later whether the department supports the bills, DHSS spokesperson Sherry Hill responded by e-mail that the federal government will discontinue Denali KidCare reimbursement once the eligibility standard falls below 150 percent. "DHSS supports lifting the freeze of the current fixed dollar amount for Denali KidCare eligibility, using the annual federal poverty guideline as an index, at whatever percentage rate above 150 percent that the legislature deems appropriate," she wrote.

At the hearing, Jackson introduced two department officials whom she said could answer questions on the five fiscal notes for each bill. Those fiscal notes indicate SB 27 would cost \$11.7 million in FY 08 and SB 87 would cost \$14.3 million starting in FY 09, the first year the full impact is expected to be felt. The Denali KidCare portion of both bills is about \$4 million. The department estimates Wielechowski's buy-in option would cost \$9 million plus administrative costs; Davis' nursing care eligibility increase would cost \$5 million.

Davis suggested fiscal discussions would be better left for the Finance Committee, but Sen. Kim Elton asked about potential savings: "It's easier to run your finger down the cost column, but there is no savings column. What are the potential savings?"

The officials demurred. "I'm not sure we can quantify what prevention would save," said Jackson.

"I don't mean to be flippant, but an ounce of prevention is worth a pound of cure," offered Jerry Fuller, the department's lead Medicaid policy person.

"One of the difficulties we have in narrowing it down is the savings don't necessarily accrue to the state," added Jon Sherwood of DHSS' Office of Program Review. One statistic he could point to is a national study that found that every dollar spent on prenatal care averts \$4 in later costs.

Testimony was unanimous in support of the bills. Several of the 16 people who spoke recommended legislators accept the more generous provisions of each bill.

"There's no question that the 2003 cutback in [eligibility] has vastly increased the number of uninsured children in Alaska," said Dr. David Alexander, a retired Anchorage pediatrician. Very few uninsured children receive routine health care or have a primary care provider. He contended that Wielechowski's proposal to allow families to buy into Denali KidCare would be more efficient than private insurance; the state program has 5 percent overhead while private insurers' overhead runs 30-35 percent. For the same dollars, he said, the government can provide 50 percent more care.

Walter Majoros, executive director of Juneau Youth Services, president of the Alaska Association of Homes for Children and vice president of the Alaska Behavioral Health Association, expressed strong support for the bills. Denali KidCare is the primary way children access behavioral health care in Alaska, he said, and is critical for the success of the state's "bring the kids home" initiative intended to boost behavioral health care capacity in Alaska.

"I think we really need to start seeing children as children rather than as costs," said Janice Tower, speaking on behalf of the American Academy of Pediatrics Alaska chapter.

Others testifying represented the American Association of Retired Persons, Planned Parenthood of Alaska, Alaska's Catholics Bishops Conference, the Alaska Nurses Association and the Alaska Primary Care Association.

"When it gets up to Finance I would like for you to start calling and signing up and get ready for the testimony, because that's where the battle is going to come," Davis told advocates at the end of the hearing.

Dyson left the room shortly before the bills moved, leaving the committee's three Democrats to take action on the bill. Sens. Elton, Davis and Joe Thomas unanimously supported moving the bills to Finance and all signed "do pass" on the committee reports. Republican Sen. John Cowdery was absent.

Elton, Davis, Johnny Ellis and Hollis French are co-sponsors of SB 87.

Similar legislation, Rep. Les Gara's HB 140, is scheduled for a hearing today in the House Health, Education and Social Services Committee. Gara's bill raises income eligibility to 250 percent of poverty for Denali KidCare and includes buy-in provisions similar to those in Wielechowski's bill.

OIL AND GAS

Consultants collected \$26 million for gas line advice

The state spent more than \$26 million on legal memoranda, research reports and consultant advice in support of the Murkowski administration's failed effort to jump-start a gas pipeline, according to the Department of Revenue. At the request of the Senate Finance Committee, Revenue officials on February 26 provided a report covering pipeline-related outlays by executive branch agencies from July 2003 through January 11, 2007. The report is summarized in the table below.

State Payments To Stranded Gas Act Contractors

July 2003-January 2007

<u>Contractor</u>	<u>Fee</u>	<u>Description of work</u>
Morrison & Foerster	\$12,268,896	Legal services & negotiation
Preston, Gates & Ellis	\$2,904,329	Legal services & negotiation
Pedro van Meurs	\$2,874,462	Legal services & negotiation
Challenger/Jt. Venture Group	\$2,106,761	Financial Services
Black & Veatch (Lukens)	\$2,028,485	Economic & Risk Analysis
Northern Economics	\$784,584	Documentation
Information Insights	\$456,500	Economic & Risk Analysis
Dan Dickinson	\$387,112	Legal services & negotiation
PFC Energy	\$375,894	Economic & Risk Analysis
James L. Baldwin	\$267,476	Legal services & negotiation
Paragon Engineering	\$237,310	Economic & Risk Analysis
Muse Stancil	\$216,348	Economic & Risk Analysis
Hoise, Frost, Large & McArthur	\$200,000	Legal services & negotiation
Merrili Lynch	\$150,000	Financial Services
Wood Mackenzie	\$150,000	Economic & Risk Analysis
Ziff Energy Group	\$103,000	Economic & Risk Analysis
Ashburn and Mason	\$95,941	Legal services & negotiation
PriceWaterHouseCoopers	\$92,892	Economic & Risk Analysis
Government Finance Assoc.	\$77,651	Financial Services
Daniel Johnston	\$53,250	Economic & Risk Analysis
Nat. Gas Assocs. of Colorado, LLP	\$30,000	Economic & Risk Analysis
Richard Newell	\$26,295	Economic & Risk Analysis
CitiGroup	\$20,000	Economic & Risk Analysis
Goldman Sachs	\$20,000	Economic & Risk Analysis
Merrill Lynch	\$20,000	Economic & Risk Analysis
UBS	\$20,000	Economic & Risk Analysis
Grant Thornton	\$19,099	Economic & Risk Analysis
Michael Baker Jr. Inc.	\$18,019	Economic & Risk Analysis
Jensen Associates	\$12,700	Economic & Risk Analysis
Bruce Wilson	\$10,000	Legal services & negotiation
Gustavson Associates	\$2,000	Economic & Risk Analysis
TOTAL	\$26,029,004	

Topping the list of the outfits receiving state money is Morrison & Foerster, LLP, the San Francisco-based international law firm, which collected \$12.3 million. Seattle-based Preston, Gates & Ellis, LLP drew \$2.9 million, while Pedro van Meurs, the economist who played a key role in developing the concept of the stranded gas contract, and for a time headed the state's negotiating team, collected just under \$2.9 million. Van Meurs was also a leading architect of Murkowski's petroleum production tax, which lawmakers ultimately adopted in modified form.

Some of the money paid to van Meurs was passed though to a former Murkowski administration official. Deputy Labor Commissioner Ed Fisher was one of four state officials who sat on Murkowski's gas cabinet, the group that oversaw the state's gas line spending. Soon after resigning his state job in late 2004, Fisher went to work at \$225 per hour for van Meurs, whom he had met in the course of his state job [see **Ex-officials benefit from favorable ethics act decisions**, *ALASKA BUDGET REPORT*, February 3, 2005]. In six months as an hourly consultant Fisher billed the state, through van Meurs, more than \$210,000 for his time, plus \$36,687 for airfare, hotels, car rentals and other expenses [see **State ends Fisher's gas line negotiation contract**, *ALASKA BUDGET REPORT*, July 26, 2005].

What did they do?

Of the consulting money covered in the DOR report, 80 percent (\$20.9 million) was paid to 22 firms and individuals maintaining no offices in Alaska. Of the eight Alaska-connected firms profiting from the stranded gas effort, Preston, Gates & Ellis (since renamed Kirkpatrick & Lockhart Preston Gates Ellis LLP), with an office in Anchorage, received the most money.

Northern Economics, an Anchorage-based economic consulting firm, received \$784,584 for helping former Revenue Commissioner Bill Corbus prepare fiscal interest findings, and for compiling hundreds of public comments.

Information Insights, a Fairbanks-based consulting company, collected \$456,500 for socioeconomic studies of the proposed project's effects on local governments.

What did the consultants do to earn all that money? Attempting to address that question for the Senate committee—and perhaps themselves—DOR officials examined monthly invoices presented by Morrison & Foerster for January, February and May of 2006. DOR Administrative Services Director Jerry Burnett said the three months were selected “more or less at random” from the invoices covering months when the Legislature was in session and considering gas pipeline issues.

According to the DOR report, the invoices provided less than complete information on what work the firm was doing. “Due to the invoice recording method that aggregates multiple activities in one single time entry, monthly invoice reviews are based on an estimate of the time spent on each activity.” The unnamed DOR officials who prepared the report cautioned that it should not be considered an audit.

Robert Loeffler, a top Morrison & Foerster attorney, who has been working for Alaska since the early 1980s, charges the state \$550 per hour. In 1985 Loeffler played a key role in negotiating a trans-Alaska pipeline tariff settlement, an agreement that has since become the target of widespread criticism as a bad deal for the state and independent oil producers [see **FERC staff attorney says TAPS owners guilty of gouging**, *ALASKA BUDGET REPORT*, March 8, 2007].

In 2006, Loeffler told legislators he had researched the constitutionality of guarantees demanded by the state's industry partners that costs and the rules of the game won't change after

they invest in a gas pipeline project, guarantees many experts said violated Alaska's constitution [see **LB&A attorney: stranded gas contract could be unconstitutional**, *ALASKA BUDGET REPORT*, February 3, 2005].

Analysis of Morrison & Foerster Charges

(DOR analysis of company invoices for January, February and May, 2006)

Meetings, teleconferences, discussions, negotiations	\$881,500
Work on contract documents	\$507,400
Legislative testimony	\$67,300
Travel	\$60,500
Research & miscellaneous	\$38,200
Preparing correspondence and press releases	\$33,600
Three-Month Total	<u>\$1,588,500</u>

source: Department of Revenue,
Report, February 2007.

Alaska Stranded Gas Development Act Contractural Expenditures

Dueling legal opinions

"We've had dueling [legal opinions] on certainty," commented Sen. Con Bunde in July of last year, after listening to Loeffler. He suggested that the public doesn't seem interested in suspending the legislature's taxing power for up to 45 years, as Murkowski proposed: "My personal concern is that it is at least a 50-50 gamble that the supreme court will reject this whole thing. It's an issue that is central to what we are doing but what we are doing will be a waste of time if this is thrown out." [See **The uncertain future of "fiscal certainty,"** *ALASKA SPECIAL SESSION REPORT*, July 31, 2006].

Loeffler agreed that the ability of the state to provide a guarantee would be tested in the courts, but based on his own research he said he is confident the state has a strong position. "It is an interesting issue for a lawyer." [See **Fiscal certainty: "An interesting issue for a lawyer,"** *ALASKA SPECIAL SESSION REPORT*, May 22, 2006.]

According to the DOR report, the constitutionality issue was also addressed in research by Preston Gates and contract attorney Jim Baldwin, among others. Those studies have never been made public or made available to legislators, even on a confidential basis.

Although Murkowski's proposed state guarantees never won much support, the issue is again alive because the Alaska Gasline Incentive Act proposed earlier this month by Gov. Sarah Palin seeks authority to exempt producers for ten years from tax increases on natural gas committed to a pipeline project.

The DOR report does not cover all money spent on stranded gas consulting studies. Not counted is at least \$3.25 million the Alaska Legislature spent on its own studies [see **Stranded gas consulting contracts put state's \$ to work**, *ALASKA BUDGET REPORT*, February 16, 2006]. The Alaska Permanent Fund Corporation, at the request of the Murkowski administration, spent at least \$250,000 to study investing permanent fund principal in a gas pipeline project [see **Permanent fund**

corporation considering gas pipeline investment, *ALASKA BUDGET REPORT*, January 26, 2006]. That money wasn't counted by DOR.

More studies

There is no sign that state spending on gas line studies and reports is abating. Yesterday the Senate unanimously approved legislation introduced by Gov. Sarah Palin appropriating \$35 million for oil and gas activities. The first major appropriation bill to pass a legislative house this year, SB 82 includes \$18 million for gas pipeline activities. The Senate added contingency language making a portion of the money contingent on passage of Palin's Alaska Gasline Inducement Act.

Larry Ostrovsky, chief of the Department of Law's Oil, Gas and Mining section told legislators at a February 27 hearing that Law is not abandoning Loeffler's law firm. "Morrison and Foerster has provided very good service to the state." But he said the department has now decided that it also needs to retain other legal consultants with different perspectives. "The governor wants to move in a different direction." [See **Officials plead case for additional millions for oil and gas**, *ALASKA BUDGET REPORT*, March 1, 2007].

PERSONALITIES

Interview with Beth Kerttula

Attorney Beth Kerttula, 51, grew up in a political household: her father, Jalmar (Jay) Kerttula, a Palmer Democrat, was elected to Alaska House in 1961, and retired from the Senate in 1994. In 1998 the Beth won election to the House District 3 seat, representing the downtown, Douglas Island and airport areas of the Juneau City and Borough.

On March 12 ALASKA BUDGET REPORT editor Rebecca Braun interviewed Kerttula, now House minority leader, in Kerttula's Capitol office. The following is a condensed and edited version of the interview. The unedited transcript is available to client-subscribers on request.

What is your job as minority leader?

The main job is to be sure your caucus gets information and understands what the big issues are, and understanding what the caucus wants and negotiating with the majority to try to see the caucus fairly represented. You have to be very fair and very inclusive. A lot of what I do is listen to the rest of the caucus.

On a day-to-day basis, it's a lot of organizing. We have six new members, so trying to work with them and get them information is a big part of what I've been doing. And some of it's pretty mundane—rounding people up for meetings.

What made you want to give up a Finance Committee seat to do it?

I loved being on Finance. I'd always wanted to do it, and it was very interesting to do the budget hands-on and be part of the club. But I had worked pretty much hand-in-glove with [former Democratic Minority Leader] Ethan Berkowitz, and had the benefit of a lot of good training. With so many new people and so much talent in the caucus I thought that would be the best role for me.

It's a great caucus so it's a big honor. It's a heck of a lot of work and it's a lot harder than I ever gave Ethan credit for.

After the last election, when you were getting organized some of your members threatened to leave the caucus if they didn't get the committee positions they wanted. How do you deal with that kind of issue?

With new members in particular, you're going to get a lot of jockeying around and you're going to get a lot of trolling by the majority for recruits. That's just part of the game, I guess. Our new members, those who were approached, were extremely thoughtful about their decision-making. My approach was to just talk to them about the benefits of staying with our group.

What are those benefits?

In the last election the House Democratic caucus grew from 13 to 16 people. I think our pendulum has swung. Sarah Palin's election was another sign of that and I think someone would be foolish to leave that momentum. For the second thing, the caucus is pretty egalitarian. We work in a positive way, we support our members, we try to get them information. And finally, their constituents did elect them as Democrats. When you're talking about just one or two people being picked off, that hurts the Democratic caucus.

Do you think your caucus is more egalitarian than Republican majority?

Some of it is by virtue of the size of the caucus. I think that it's a little less hierarchical. And we don't have restrictions on voting or supporting measures.

One of the few pieces of advice my dad gave me was never join a binding caucus. I believe in that and I will believe in that when we become the majority. You can lay out your case but I don't think it's healthy to ask members to absolutely bind themselves.

Even on the budget?

Even on the budget.

What did you do before you ran for the Legislature?

I got to grow up in the [Capitol] building and around Gov. [Bill] Egan, U.S. Sen. [Ernest] Gruening and Sen. [Bob] Bartlett. It was a great way to grow up. I went to school for half the year in Juneau, and the other half of the year I was on a farm in Palmer. My dad was a farmer and my mom was an English teacher.

He was the last chair of the joint Finance Committee in the House and Senate. They used to have just one big committee. afternoon and saw he had a washtub full of letters from constituents. My mom came in one afternoon and he had a washtub full of letters from constituents. He had one-half of a staffer. So there was no way he could get to the correspondence. My mom sat down at one of those old Underwood typewriters and started typing, and she ran his office for the next 30 years.

I went to law school, clerked for Judge Alex Bryner, then worked for the Public Defender Agency for five years. The agency had such a tight budget that we had enforced layoffs a good part of the year. So I came down and worked for my dad as his Judiciary aide. That was volunteer work—as was my mother's. My sister also worked for my dad and did his Finance work for a couple of years. We all loved doing it.

After the Public Defender Agency I worked in private practice at [former House Speaker] Wendell Kay's law firm for a year. After that I went to the Attorney General [in Department of Law's Oil, Gas and Mining Section], where I stayed for nine years before I ran for the House.

Why did you decide to run for office?

I would've always regretted not trying it. Kim Elton left his House seat to run for the Senate. At Law we just settled a big [Trans-Alaska Pipeline System] tariff case and I was ready to do something else. And Jim, my husband, had just been elected to a borough assembly seat so we had been through one campaign in Juneau. It was the right place at the right time.

Do you ever envy your Democratic colleagues in the Senate, who are now sharing power in a coalition?

I think it's great to see the Democrats working across party lines. And I was raised that way, my dad led coalitions. In those days coalitions were what you did.

Do you think the Senate coalition gives Democrats more power or are their hands so tied they can't accomplish much?

The test will come when you see the budget and they move some of the heavier bills. I hope they'll have a good working relationship; if they do, that will be good for both sides in the House. We'll see.

What's the difference from November 2004 when the Democrats and a few Republicans tried to form a coalition in the House?

Well, the numbers are closer in the Senate. In our organization—and I was out of state when it all happened—the numbers were not that close at all. Plus, the whole thing [in the Senate] didn't happen until right before session.

It happened in November.

Somehow the timing seemed to be much closer [to session]. With the House coalition there was too much time for it to unravel.

Although it only took 24 hours.

Now, now (laughing).

Your style is a lot different from Ethan Berkowitz's—he's more confrontational in his rhetorical style particularly.

I have a tendency to want to work things out first. Inherently our styles are different but I think I have an easier day in terms of the bipartisanship and having 16 people in the caucus. If I were here with 13 people and we were down and out on the oil [tax] bill I'd be behaving a little bit differently too.

On the other hand, we have six new members, and everybody in the caucus except Reggie [Joule] is in a different position. So everybody's still figuring out exactly where they belong and what their job is.

Is anyone prodding you to be more aggressive?

Sure, there are definitely people in the caucus who would do it differently. But I feel confident in my style. Getting to learn from Ethan was a really tremendous opportunity. I've got a lot of Ethan's training in me even if I have a different style.

What are your priorities for the session?

One of my biggest goals is to have a healthy and strong caucus. Then people will be able to do their committee work, they'll be successful all around and that means the state benefits.

Every Alaskan wants to see us succeed in getting a good gas line contract and getting the gas line built ultimately. That's a huge goal but since so many different people are involved, that's probably the most difficult one.

I'd like to see us clean up our ethics laws. I'd like to see us work out a fair and good budget; I'd particularly like to see more money for health in the budget.

And I'd like to continue the work we started last year on trafficking [in people]. Rep. Eric Croft and I, along with Sen. Dyson, got a really good trafficking bill passed.

I have had more veterans in my office in the last two weeks than in the previous eight years. We have vets coming back from Iraq that aren't getting the health care that they need. People with sinus infections are forced to fly to Anchorage for treatment. We are a big remote state and not everyone

can go to Anchorage for care. We need an oversight hearing about our veterans' health care here in Alaska. To be treating our veterans with such disrespect, it's horrifying. And in my opinion we need to get out of Iraq and bring our troops home as soon as we can.

What about reinstatement of the Alaska longevity bonus?

I believe in the longevity bonus. It was a promise to Alaskans and seniors relied on it. Whether the governor and we will be successful [at reinstating it], I have doubts.

Would you be willing to give it up for a like amount of money to be distributed on a needs basis?

I have a problem with only a needs-based system. We should meet the needs-based concerns and the Senior Care program was a small step that way. But I don't know many rich elderly in Alaska. The very wealthy spend a lot of time out of state, so they don't get their longevity bonus when they're out of state; when they're here, that money goes right back into our economy.

When the longevity bonus started they didn't make it needs-based because elderly Alaskans were so proud that they would not go ask for it. Times have changed but I still believe people in their senior years shouldn't have to prove they have no money to benefit from something the rest of us have greatly benefited by, our oil wealth.

Do you think the governor's gas line plan will work?

It needs some revisions, but I think it's a great first start, and good on the governor for having a transparent process and open competition.

With your oil and gas background, do you see any red flags?

Two things have popped out to everybody. Is the \$500 million necessary? Who does that bring to the table, do you need to do it? Is that the right amount? Hey, maybe there needs to be more. And the ten-year tax freeze—I see it as a tax freeze, but I'm open to hearing their legal analysis.

Another concern is the delays in the bill. Why allow a company a [five]-year delay in moving forward? And how do we get the gas into the pipeline?

I think in the beginning everybody just spoke positively about the governor's plan because in comparison to where we've been, it's a huge step forward. But now I want to look at it on its own merits.

The administration has suggested the gas terms in the petroleum profits tax (PPT) may need changing.

I've heard that. I think that we need to look at the oil terms, too. Otherwise we're going to have the oil tax pay for the gas development, which I have from day one said was a huge problem with the PPT.

Meaning the state will pay for gas development through the credits on producers' oil taxes?

Exactly. I think the PPT was ill advised and needs to be completely redone.

Do you think realistically that might happen?

Well, if they open up the [terms on] gas, it very well might.

And of course we have to deal now with the pipeline corrosion issue. It's just totally foreseeable that things like that happen; I really do hope that we'll rethink it before this tax comes back to haunt us.

Do you know anything about what happened with the resignation of Mary Anne Henry as the state's chief prosecutor?

I don't. I grew up with [Attorney General] Talis Colberg, and we're good family friends. I have a lot of respect for Talis. I think he walked into a big agency with a lot of difficulty. He says if he

had any advice to a future AG it would be to read the transition reports and then think about them for a while before acting.

Is he suggesting that he acted too fast on some of the transition recommendations?

That was what I took it to mean.

How will the 90-day session impact Juneau?

I think it's going to be very difficult to get the work done; we have not finished in 120 days in seven of the last eight years. I'm also worried about the other legislators' lives. How they're going to come in February, get out late, and I think we'll be in special sessions.

I'm also worried about public input. I wonder whether this will make people even more frustrated. When people are frustrated with the legislature, they tend to say it's Juneau causing the problems.

TRANSITIONS

Staff changes

Health and Social Services Commissioner Karleen Jackson has appointed **Steve McComb** director of the Division of Juvenile Justice and **Melissa Witzler-Stone** as director of the Division of Behavioral Health.

McComb is a long-time division employee, serving in multiple roles since 1981 including juvenile probation officer, regional administrator, and Nome Youth Facility superintendent. He has served as acting director since June 2006, earning \$88,824 as a Range 27C through a salary override. In the permanent role, effective March 7, he will earn \$99,036 as a 27F. McComb has a Masters degree in Applied Behavioral Sciences and a Bachelor of Science in U.S. History.

Jackson went outside the department in her appointment of Witzler-Stone, who has not worked in state government. She is Executive Director of SeaView Community Services, a behavioral health center in Seward, a job she's held since 1994. According to her resume she served eight years as director of a clinical social work department in New Mexico and three years as director of human services at a Nebraska hospital. Witzler-Stone holds a Master's degree in Social Work and a Bachelor of Arts degree in Psychology.

"The Division of Behavioral Health has undergone quite a transformation as a result of the 2003 reorganization, and Melissa has the vision and experience needed to complete the system reforms necessary to better serve Alaskans in this critical area," Jackson said in a March 13 press release. Witzler-Stone assumes her new role May 1 as a range 27F (\$99,036).

Quotable

"AGIA will consume the next two weeks plus the oxygen in the room."

—Senate Resources Committee Chair Charlie Huggins, at the committee's first hearing on the Alaska Gasline Inducement Act, March 14

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148



Session: (Jan. - May)
State Capitol, Suite 7
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator Bettye Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

SB 27 **“An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in medical or intermediate care facilities; and providing for an effective date.”**

Sponsor Statement

The intent of SB 27 is to make health insurance accessible to all children, pregnant women, and other Medicaid qualified individuals in medical or intermediate care facilities.

Early intervention and preventative care under SB 27 will yield huge savings to the state in health costs in the long run. As an “enhanced” reimbursement program, the federal government pays 70% of the Denali KidCare Program or about \$840 million out of \$1.2 billion. Denali KidCare served an estimated 7,600 children as of December, 2006 and remains one of the least costly medical assistance programs in the state at about \$1,700 per child per year with full coverage.

Eligibility rates in Alaska have been frozen at 2003 federal Poverty Levels (FPL). Under SB 27, eligibility for persons under 19 years of age increases to 200% of the FPL and requires others who qualify and can afford it to make contributions toward their coverage. Without SB 27, by April, 2007 Alaska’s eligibility rate will decline to 154% of the FPL, one of the lowest rates in the nation, forcing an estimated 1,000 children off the rolls of Denali KidCare. Only two other states, Montana and North Dakota, have lower rates. Forty one-states allow participation by families at or above 200%. Seven have rates at or above 300% of the FPL.

There are still an estimated 18,000 uninsured children in Alaska, or about 9% of the children age 18 and under. Private health care coverage for children has declined by over 30% in the last ten years. It is estimated that uninsured children with a medical need are five times as likely not to have a regular doctor as insured children and four times more likely to use emergency rooms at a much higher cost.

As one of the wealthiest states in the nation, Alaska has a legal and moral obligation to continue to provide adequate medical care for its children, pregnant women, and other individuals in medical or intermediate care facilities. SB 27 will provide this medical care. I urge your support of SB 27.

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148



Session: (Jan. - May)
State Capitol, Suite 30
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator Betty Davis@legis.state.ak.us
<http://www.akdemocrats.org>

Senator Betty Davis

SB 27 "An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in medical or intermediate care facilities; and providing for an effective date."

Sectional Analysis

Section 1. Amends medical assistance for optional groups specified in AS 47.07.020(b) as follows:

- (6) creates new limit on income of persons in a medical or intermediate care facility not to exceed 300% of the supplemental security income benefit rate under 42 U.S.C. 1381-1383(c) (Title XVI, Social Security Act); replaces fixed amount of \$1,656 per month based on 2003 federal poverty guidelines.
- (13) creates new eligibility for persons under age 19 who are not covered under (a) of this section and whose household income does not exceed 200 percent of the federal poverty guideline as defined by the federal Office of Management and Budget and revised under 42 U.S.C. 9902(2); replaces schedule of household size and income.
- (14) creates new income limit for pregnant women not covered under (a) of this section not to exceed 200 percent of the federal poverty line as defined by the federal Office of Management and Budget under revised 42 U.S.C. 9902(2); replaces schedule of household size and income.

Section 2. Amends AS 47.07.042(d) to allow the department to require premiums or cost-sharing contributions for eligible recipients whose household income is between 150% and 200% of the federal poverty guideline; replaces "greater than applicable amount set out in (f) of this section."

Section 3. AS 47.02.042(f) is repealed.

Section 4. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148



Session: (Jan. - May)
State Capitol, Suite 7
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator Bettye Davis@legis.state.ak.us
<http://www.akdemocrats.org>

Senator Bettye Davis

SB 27 "An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in medical or intermediate care facilities; and providing for an effective date."

Background on SCHIP/Denali Kid Care

- About 1/3 of all children in America get health services through Medicaid or the State Children's Health Insurance Program (SCHIP), which is administered in Alaska through the Denali KidCare Program. The Denali KidCare Program is 70% funded by the federal government up to the state's allocated funding level. After that, the reimbursement rate declines to 58%. In fiscal year 2006 the cost of Denali KidCare was \$25.9 million, of which \$18.2 million was paid by the federal government.
- Denali KidCare provides health insurance for children age 18 and pregnant women who meet income guidelines. There is no cost to eligible children, teens and pregnant women. However, youth who are 18 may be required to contribute a limited amount for some services.
- Roughly 7,600 children were covered by Denali KidCare as of December, 2006.
- The cost per child of Denali KidCare is about \$1,700 annually, compared to over \$12,000 for an elderly person who qualifies for federal aid.
- By comparison, private health insurance for a family of three, *e.g.*, a pregnant woman with two children, is estimated at \$8,000-\$17,000 annually. Unlike Denali KidCare, this insurance may require a \$1,000 deductible, 20% co-pay, and no vision, dental or hearing benefits.
- Alaska has one of the lowest eligibility rates in the nation, about 160% of the FPL. Only 2 other states, Montana and North Dakota, have lower rates. Forty-one states allow participation by families at or above 200% of the FPL. Seven have rates at or above 300% of the FPL. Governments' rationale for higher eligibility for children's health insurance in the is that it will save huge sums and improve health in the future through early detection and care.
- Prior to the passage of SB 105 in 2003 which lowered and froze the eligibility guidelines for the program, almost 5,000 children with family incomes between 151% and 200% of the Federal Poverty Level (FPL) were covered. Since passage of SB 105 far fewer families qualify and that number will plummet in April, 2007, when Alaska's fixed income eligibility rates will decline to 154% of the FPL. SB 27 will correct this process by allowing incomes to rise with the FPL.

- In fiscal year 2006 the cost of Denali KidCare was \$25.9 million, of which \$18.2 million was paid by the federal government.

Why Coverage for Pregnant Women is Important In Alaska

- Alaska has one of the nation's highest documented pregnancy-associated mortality ratios – 58 per 100,000 live births during 1990-1999 (DHSS). National data indicate that women who receive no prenatal care are at increased risk of pregnancy-related death.
- Only 58% of women in Alaska receive adequate prenatal care, compared with 75% nationally.
- Mothers having late or no prenatal care are more likely to have low birth weight or pre-term infants and are at increased risk for pregnancy-related mortality and complications of childbirth (DHSS).
- The average cost of hospital care for a premature baby was \$75,000 in 2001, compared with \$1,300 for a healthy, full-term infant. The March of Dimes Prenatal Data Center reports that premature babies cost about \$13.1 billion annually.
-

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148



Session: (Jan. - May)
State Capitol, Suite 7
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator [Bettye Davis@legis.state.ak.us](mailto:Bettye.Davis@legis.state.ak.us)
<http://www.akdemocrats.org>

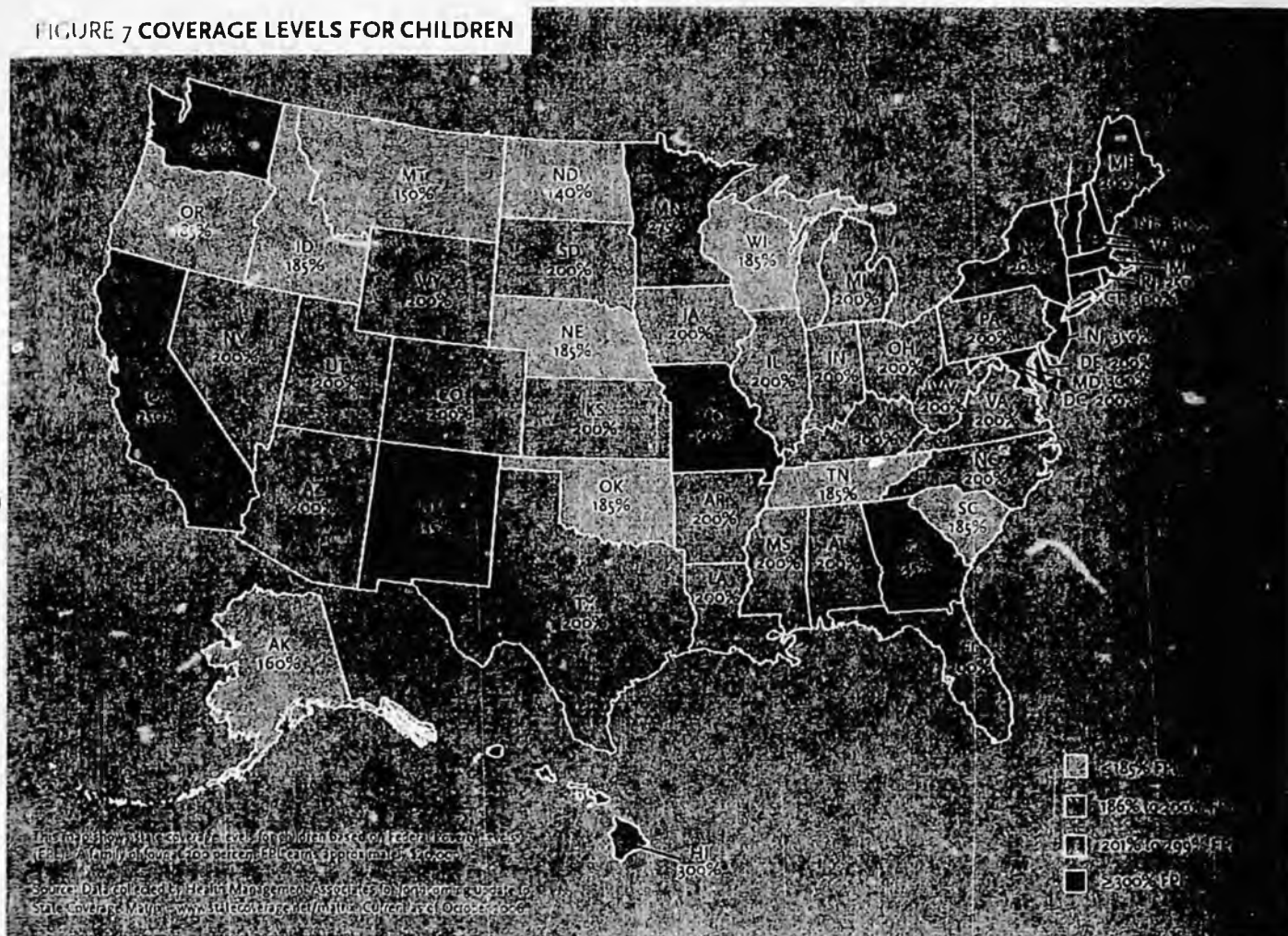
Senator Bettye Davis

SB 27 **“An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in medical or intermediate care facilities; and providing for an effective date.”**

Repercussions of the unmet health need of Alaska's uninsured children

- The number of uninsured children in Alaska is estimated to be 17,880 or 9% of the population age 18 and under (Urban Institute and Kaiser Commission on Medicaid and the Uninsured).
- Over the last 10 years Alaska has seen a 31% decline in the number of children covered by private health insurance (per the Robert Wood Johnson Foundation).
- Nationally, more than 80% of uninsured children are from working families (Kaiser Commission on Medicaid and the Uninsured).
- Uninsured children have much higher health risks than do covered children. They receive less preventative care and are diagnosed at more advanced stages of illness (Kaiser, *supra*).
- Uninsured children are more likely to develop throat, eye, and ear infections, serious dental problems, and chronic conditions such as asthma and diabetes. They are more than five times as likely as insured children to have an unmet need for medical care and nine times more likely not to be examined by a regular doctor. They are also four times more likely to use emergency rooms which are much more costly than care in physicians' offices (*Pediatrics* 105, 113; "Care for Children," *New England Journal of Medicine*, 330).
- Almost 1/3 of uninsured children received no medical treatment during a 1-year period between 2002 and 2003 (*Health Affairs* 23, no. 5, September-October 2004).
- Uninsured children are 25% more likely to miss school than insured children (Children's Defense Fund, Minnesota). Continued illness affects school performance and, in the long run, workforce participation (Southern Institute on Children and Families). A National Institute of Medicine study indicates that lack of insurance results in lost national economic productivity of \$65-\$130 billion annually.

FIGURE 7 COVERAGE LEVELS FOR CHILDREN



premium assistance program or an individual plan. O-EPIC is funded by state general fund revenues generated by a tobacco tax, along with federal matching funds under Title XIX and employer and employee contributions.

The Premium Assistance program, launched in November 2005, helps qualified employees in small businesses of 50 or fewer employees purchase health insurance coverage through their employer. The employer works with an insurance agent to choose a qualified private health plan to offer its employees. The Premium Assistance program pays 60 percent of the health insurance premium for qualified employees with incomes below 185

percent FPL and 85 percent of the premium for the qualified enrollee's spouse. Employers are expected to contribute 25 percent of the employee's premium and employees are expected to contribute up to 15 percent for themselves and 15 percent for their spouses.

The Individual Plan will be launched shortly and is designed as a safety net health plan for qualified individuals with incomes below 185 percent FPL and who are ineligible to participate in O-EPIC Premium Assistance. The Individual Plan includes self-employed individuals not eligible for small group health coverage; workers at small businesses who are either not eligible

to participate in their employer's health plan or whose employer does not offer a qualified health plan; and unemployed individuals who are currently seeking work. The Individual Plan also provides coverage to working individuals with a disability whose income exceeds the Medicaid eligibility level but is below 200 percent FPL, and who meet "ticket to work" requirements.¹¹ The Individual Plan provides coverage through private managed care plans that also serve the Medicaid program; however, the benefit package is less comprehensive than Medicaid or most products offered in the commercial market.

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/16/07

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/13/07

Health, Education and Social Services Committee considered

SENATE BILL NO. 27

SB 27 MEDICAL ASSISTANCE ELIGIBILITY

"An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in medical or intermediate care facilities; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 27 (HES)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/> Same Title	
<input checked="" type="checkbox"/> New Title	
<hr/>	
HOUSE BILL:	
<input type="checkbox"/> Same Title	
<input type="checkbox"/> Technical Title Change	
<input type="checkbox"/> New Title w/ SCR # _____	

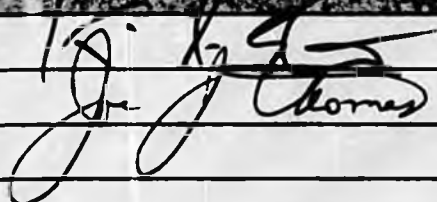
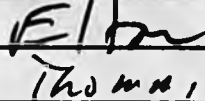
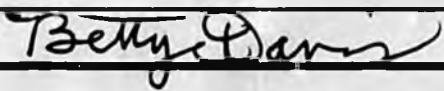
NEW FISCAL NOTE(S):

Department	Date	Fiscal Note	Appropriation	Other	Comments
HSS/B.H. Med	2/1/07	✓			
HSS/Med.	2/1/07	✓			
HSS/Pbl. Asst	2/1/07	✓			
HSS/Sec. S.	2/1/07	✓			
COR	3/8/07			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal Note	Appropriation	Other	Comments

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED NAME	DATE	APPROPRIATION	OTHER	COMMENTS
	Betty Davis	2/1/07	✓		
	Elton Thomas	2/1/07	✓		
CHAIR: 	DAVIS				

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 88027-DHSS-06H-03-13-07
 Bill Version: SB 27
 () Publish Date: _____
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): _____
 Title: RELATING TO ELIGIBILITY FOR MEDICAL ASSISTANCE

RDU: Behavioral Health
 Component: Behavioral Hlth Medicaid Svcs

Sponsor: DAVIS
 Requester: SENATE (HES)

Component No. 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	930.0	1,010.0	1,096.9	1,191.2	1,293.7	1,404.9
Miscellaneous						
TOTAL OPERATING	930.0	1,010.0	1,096.9	1,191.2	1,293.7	1,404.9

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	539.3	556.9	598.6	650.1	706.1	766.8
1003 GF Match	390.7	453.1	498.3	541.1	587.6	638.1
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	930.0	1,010.0	1,096.9	1,191.2	1,293.7	1,404.9

Estimate of any current year (FY2007) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill reverses the effect of legislation, effective September 2003, that reduced and froze the Medicaid income eligibility standard for certain children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office and froze the income standard for nursing home and home and community based (HCB) waiver recipients whose eligibility is determined under the 300% supplemental security income (SSI) eligibility criteria.

Prior to implementation of the 2003 legislation, Medicaid was available to children and pregnant women with incomes up to 200% of the prevailing Federal Poverty Guideline (FPG) for Alaska. Effective September 2003, the income standard was set in statute at what was equivalent to 175% of the FPG for 2003. This bill restores the income eligibility standard for children and pregnant women to 200% of the prevailing FPG.

(cont. on page 2)

Prepared by: Janet Clarke
 Division: Finance and Management Services
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone: 907-465-1630
 Date/Time: 01/31/2007
 Date: 03/13/2007

FISCAL NOTE

FN #

STATE OF ALASKA 2007 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

(cont. from page 1)

The state determines Medicaid eligibility for some nursing home residents and HCB waiver clients based on the maximum Supplemental Security Income (SSI) standard authorized by federal law. The 2003 legislation froze the Alaska eligibility standard to 300% of the 2003 federal standard. SB 27 would return the income standard for this eligibility group to 300% of the prevailing SSI standard.

Costs calculated for this fiscal note are based on enrollment, the total number of people qualified to use services under the affected eligibility criteria, not the number of persons that used Medicaid services and had claims paid during the period. The different Medicaid components share a common pool of enrollees, with each enrollee entitled to receive benefits through more than one component. Between 2003 and 2006, the number of children enrolled in the affected income category dropped by 2,553 individuals, the number of pregnant women enrolled in the affected income category dropped by 436 individuals, and the number of persons enrolled in the 300% SSI group dropped by 106.

This fiscal analysis is based on the assumption that enrollment will rapidly recover to 2003 levels by the end of SFY 2008 and resume normal growth thereafter (about 2% per year). The proportion of enrollees that use services (participation) is expected to remain the same throughout the projection period.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and 2.24% average annual growth in the FPG and SSI standards.

Fund source calculations for each component are based on the percentages of costs reimbursed as IHS, Title XIX, Family Planning, or SCHIP in 2006 for the affected groups, and the federal medical assistance percentages (FMAPs) anticipated for the year projected. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) and costs for their Medicaid services would normally be matched at an enhanced rate. Because SCHIP funding is no longer enough to cover all of that program's expenses, the formula for federal reimbursement was adjusted to allow only one quarter of SCHIP matching per year, with the remaining three quarters defaulting to the lower Title XIX rate.

The 2008 projection was calculated as projected cost without passage of SB27, plus the cost to reinstate the number of enrollees dropped between 2003 and 2006 (cost to reinstate was inflated by 5% per year between 2006 and 2008 so that the cost to reinstate was in 2008 dollars). The 2009-2013 projections were based on the 2008 projection after implementation of SB27, plus 8.6% annual growth. The expenditure for each division was determined based on that division's share of expenses for the affected eligibility subtypes in 2006. Behavioral Health Medicaid Services paid for 23.3% of the costs for affected children in SFY 2006. They paid for less than 0.3% of costs for nursing home and HCB waiver recipients in the 300% SSI eligibility group, and less than 0.1% of the costs for pregnant women affected by this legislation.

For each component, the recipient count represents the number of enrolled persons using Medicaid services managed by that component during the period. If the number of people that lost Medicaid eligibility due to the 2003 legislation (about 3100) regain eligibility in 2008, Behavioral Health might expect to pay Medicaid expenses for an additional 133 recipients.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB027-DHSS-DHCS-03-13-07
 Bill Version: SB 27
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Health Care Services
 Component Medicaid Services

Revision Date/Time (Note if correction): _____

Title RELATING TO ELIGIBILITY FOR MEDICAL ASSISTANCE

Sponsor DAVIS

Requester SENATE (HES)

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	5,349.1	5,809.1	6,308.7	6,851.2	7,440.4	8,080.3
Miscellaneous						
TOTAL OPERATING	5,349.1	5,809.1	6,308.7	6,851.2	7,440.4	8,080.3

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	3,462.8	3,821.7	3,903.3	4,239.0	4,603.5	4,999.4
1003 GF Match	1,886.3	2,187.4	2,405.4	2,612.2	2,836.9	3,080.9
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	5,349.1	5,809.1	6,308.7	6,851.2	7,440.4	8,080.3

Estimate of any current year (FY2007) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill reverses the effect of legislation, effective September 2003, that reduced and froze the Medicaid income eligibility standard for certain children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office and froze the income standard for nursing home and home and community based (HCB) waiver recipients whose eligibility is determined under the 300% supplemental security income (SSI) eligibility criteria.

Prior to implementation of the 2003 legislation, Medicaid was available to children and pregnant women with incomes up to 200% of the prevailing Federal Poverty Guideline (FPG) for Alaska. Effective September 2003, the income standard was set in statute at what was equivalent to 175% of the FPG for 2003. This bill restores the income eligibility standard for children and pregnant women to 200% of the prevailing FPG.

(cont. on page 2)

Prepared by: Janet Clarke
 Division: Finance and Management Services
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone 907-465-1630
 Date/Time 01/31/2007
 Date 03/13/2007

STATE OF ALASKA
2007 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

(cont. from page 1)

The state determines Medicaid eligibility for some nursing home residents and HCB waiver clients based on the maximum Supplemental Security Income (SSI) standard authorized by federal law. The 2003 legislation froze the Alaska eligibility standard to 300% of the 2003 federal standard. SB 27 would return the income standard for this eligibility group to 300% of the prevailing SSI standard.

Costs calculated for this fiscal note are based on enrollment, the total number of people qualified to use services under the affected eligibility criteria, not the number of persons that used Medicaid services and had claims paid during the period. The different Medicaid components share a common pool of enrollees, with each enrollee entitled to receive benefits through more than one component. Between 2003 and 2006, the number of children enrolled in the affected income category dropped by 2,553 individuals, the number of pregnant women enrolled in the affected income category dropped by 436 individuals, and the number of persons enrolled in the 300% SSI group dropped by 106.

This fiscal analysis is based on the assumption that enrollment will rapidly recover to 2003 levels by the end of SFY 2008 and resume normal growth thereafter (about 2% per year). The proportion of enrollees that use services (participation) is expected to remain the same throughout the projection period.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and 2.24% average annual growth in the FPG and SSI standards.

Fund source calculations for each component are based on the percentages of costs reimbursed as IHS, Title XIX, Family Planning, or SCHIP in 2006 for the affected groups, and the federal medical assistance percentages (FMAPs) anticipated for the year projected. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) and costs for their Medicaid services would normally be matched at an enhanced rate. Because SCHIP funding is no longer enough to cover all of that program's expenses, the formula for federal reimbursement was adjusted to allow only one quarter of SCHIP matching per year, with the remaining three quarters defaulting to the lower Title XIX rate.

The 2008 projection was calculated as the projected cost without passage of SB27, plus the cost to reinstate the number of enrollees dropped between 2003 and 2006 (cost to reinstate was inflated by 5% per year between 2006 and 2008 so that the cost to reinstate was in 2008 dollars). The 2009-2013 projections were based on the 2008 projection after implementation of SB27, plus 8.6% annual growth. The expenditure for each division was determined based on that division's share of expenses for the affected eligibility subtypes in 2006. Health Care Services paid for 15.7% of the cost of Medicaid claims for the 300% SSI group, 99.9% of the costs for affected pregnant women, and 76.6% of the costs for affected children.

For each component, the recipient count represents the number of enrolled persons using Medicaid services managed by that component during the period. If the number of people that lost Medicaid eligibility due to the 2003 legislation (about 3100) regain eligibility in 2008, Health Care Services might expect to pay Medicaid expenses for an additional 2,263 recipients.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB027-DHSS-DPA-03-13-07
 Bill Version: SB 27
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component Public Assistance Field Svcs

Revision Date/Time (Note if correction): _____
 Title RELATING TO ELIGIBILITY FOR MEDICAL ASSISTANCE

Sponsor DAVIS
 Requester SENATE (HES)

Component No. 236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	230.4	230.4	230.4	230.4	230.4	230.4
Travel						
Contractual						
Supplies	33.0	26.4	26.4	26.4	26.4	26.4
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	263.4	256.8	256.8	256.8	256.8	256.8
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
1002 Federal Receipts	123.8	120.5	120.5	120.5	120.5	120.5
1003 GF Match	111.0	107.7	107.7	107.7	107.7	107.7
1004 GF	25.3	25.3	25.3	25.3	25.3	25.3
1037 GF/Mental Health						
Other(Inter-Agency Receipts)	3.3	3.3	3.3	3.3	3.3	3.3
Other(Specify Type-do not abbreviate)						
TOTAL	263.4	256.8	256.8	256.8	256.8	256.8

Estimate of any current year (FY2007) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Full-time	3	3	3	3	3	3
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill reverses the effect of legislation, effective September 2003, that reduced and froze the Medicaid income eligibility standard for certain children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office and froze the income standard for nursing home and home and community based (HCB) waiver recipients whose eligibility is determined under the 300% supplemental security income (SSI) eligibility criteria.

Prior to implementation of the 2003 legislation, Medicaid was available to children and pregnant women with incomes up to 200% of the prevailing Federal Poverty Guideline (FPG) for Alaska. Effective September 2003, the income standard was set in statute at what was equivalent to 175% of the FPG for 2003. This bill restores the income eligibility standard for children and pregnant women to 200% of the prevailing FPG.

(cont. on page 2)

Prepared by: Ellie Fitzjarrald, Director Phone 465-2680
 Division Division of Public Assistance Date/Time 01/30/2007
 Approved by: Karleen Jackson, Commissioner Date 03/13/2007
 Agency Department of Health and Social Services