

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O. Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 465-1327
www.legfin.akleg.gov

MEMORANDUM

DATE: November 1, 2017

TO: Legislative Budget and Audit Committee

FROM: David Teal, Director

SUBJECT: Preparation for the November 9, 2017 LB&A Meeting

OMB submitted the following FY18 RPLs for consideration at the November 9, 2017 Legislative Budget and Audit Committee meeting. These RPLs, along with Legislative Finance comments, are posted on our web site at <http://www.legfin.akleg.gov>.

RPL#	Agency	Subject	Amount	Fund Source
06-8-0367 Operating	Health and Social Services	Medical Assistance Program	\$525,000,000	Federal Receipts (1002)
09-8-0106 Operating	Military and Veterans' Affairs	National Guard Disaster Relief Mission to U.S. Virgin Islands	\$1,000,000	Statutory Designated Program Receipts (1108)
12-8-3016 Operating	Public Safety	Council on Domestic Violence and Sexual Assault	\$2,004,750	Federal Receipts (1002)
12-8-3013 Operating	Public Safety	Statewide Information Technology Services	\$1,000,000	Federal Receipts (1002)

If you have any questions that you want an agency to address at the meeting, please call us so we can help ensure the agency has a response prepared.

Department of Health and Social Services
Medicaid Services
Health Care Medicaid Services

Subject of RPL: Medical Assistance Program	ADN/RPL #: 06-8-0367
Amount requested: \$ 525,000,000	Appropriation Authority: Sec1, Ch1, SSSLA 2017, pg 21, ln 04
Funding source: \$ 525,000,000 Federal Receipts (1002), Operating	Statutory Authority: AS 44.29.020; AS 47.07; AS 47.08

PURPOSE

The Department of Health and Social Services, Medical Assistance Program, requests \$525,000.0 in federal authorization. The additional authorization will be used to receive funding from Centers for Medicare and Medicaid Services (CMS) for services provided through Medicaid Expansion; Medicaid Redesign; and/or services received through an Indian Health Service (IHS)/Tribal Facility and furnished to Medicaid-Eligible Alaska Natives and American Indians.

PREVIOUS LEGISLATIVE CONSIDERATION

This request is for an increase in the federal authorization for providing Medical Assistance services reimbursable at higher federal rate of reimbursement.

Legislative Fiscal Analyst Comment: Ch. 1, SSSLA 17, Sec 15(b) (HB57) appropriated \$238.5 million of FY17 supplemental federal receipts for increased claimability associated with Medicaid Expansion Services and Tribal Reclaiming Initiatives (Medicaid Reform). This RPL request for FY18 federal receipt authority in Medicaid Services should be no surprise. FY18 federal authorization was increased by only \$21.8 million from FY17 Management Plan (based on the second year of Medicaid Reform fiscal notes associated with Ch. 25, SLA16 (SB74)).

TIMING ISSUES

The department issues weekly payments to Medical assistance providers and is projecting a shortfall in federal authorization as early as January, 2018.

BUDGETARY ISSUES

The department's goal is to manage health care coverage for Alaskans in need. The increase of federal authority is necessary to ensure timely payment to medical service providers. Medical assistance payments are issued weekly to ensure timely reimbursement for medical services rendered to vulnerable Alaskans. However, in order to continue timely payment the department requires sufficient federal authority.

FY2018 Federal authorization in the Medical Assistance Program is \$1,165,128.3. Since FY2015 there have been changes to the Medicaid enrollee population and many reforms have been made to the program. While there has been effort to adjust the federal authorization with these programmatic and demographic changes many were not adequately reflected in the budget. As a result of the new policy allowing 100% federal coverage at IHS facilities, greater than expected expansion enrollment, and enrollment growth amongst the non-expansion population the department anticipates a shortfall of \$525 million in FY2018 federal authority.

Medicaid Program

Enrollment Category	FY2018 RPL
Indian Health Services - Expansion	\$172,000.0
Indian Health Services - Non-Expansion	\$19,600.0
Medicaid - Expansion	\$245,000.0
Medicaid - Non-Expansion	\$88,400.0
Total	\$525,000.0

Enrollment Trends*

SFY 2015	SFY 2016	SFY 2017	FY16 to FY17
-	7,720	13,482	74.6%
59,831	60,852	68,008	11.8%
-	15,864	27,005	70.2%
103,674	106,502	110,497	3.8%
163,505	190,938	218,992	14.7%

*Unduplicated enrollment counts, IHS or Non-IHS are projected by enrollee Indicated race type and not actual recipients of IHS facilities

In FY2017 general fund spending on the Medicaid program, including payments made by the Office of Children's Services for medical services to their population, totaled \$654.2 million, of which \$26.8 million was to cover prior year obligations. This results in a true FY2017 general fund obligation of \$627.4 million. In FY2018 general fund authorization is \$564.2 million leaving a known shortfall of at least \$63.2 million. In the first few months of FY2018 the department has seen an average monthly enrollment growth of 10% for non-Medicaid expansion when compared to the prior year. Current estimates of the FY2018 general fund shortfall for FY2018 range as high as \$100 million. A more detailed estimate and supplemental request will be provided through the regular budget process.

Legislative Fiscal Analyst Comment: Based on FY2017 experience, the department's FY18 general fund match requirement is estimated to be at least \$627.4 million (\$564.2 million appropriated in the FY18 Budget plus a projected supplemental request ranging between \$63.2 and \$100.0 million.) The committee may wish to ask how the additional federal authority requested in this RPL would further increase the state's GF Match requirement considering the following Federal Medical Assistance Percentage (FMAP) rates:

1. Medicaid Expansion, 95% (will be reduced to 94% in calendar year 2018 and phases down to 90% in calendar year 2020 and beyond);
2. Regular Medicaid, 50%;
3. Indian Health Services (IHS), 100% for both expansion and non-expansion;
4. Children's Health Insurance Program (CHIP), 88% (including administrative);
5. Family Planning, 90%;
6. Breast/Cervical Cancer, 65%; and
7. All Medicaid Administrative (expansion and non-expansion), 50%.

An increment for federal authorization is being considered in the FY2019 Governor's Budget and is contingent upon ongoing national health care initiatives.

Department of Military & Veterans' Affairs
State Active Duty

Subject of RPL: FY2018 State Active Duty SDPR Authority Increase	ADN/RPL #: 09-8-0106
Amount requested: \$1,000,000	Appropriation Authority: Sec1 Ch1 SSSLA 2017 Pg 25 Ln 31
Funding source: Statutory Designated Program Receipts (1108) - Operating	Statutory Authority: AS 26.05.070; AS 26.23.135

Legislative Fiscal Analyst Comment: Legislative Finance Division replaced the reference for the Component with the Appropriation Authority.

PURPOSE

The Department of Military & Veterans' Affairs (DMVA), State Active Duty, Alaska National Guard requests authority to receive and expend \$1,000,000.00 in statutory designated program receipt (SDPR) funding for participation in the Emergency Management Assistance Compact (EMAC) disaster response and recovery activities in accordance with AS 26.23.135.

The EMAC was enacted into law and entered into with all state jurisdictions within the United States legally joining together to perform emergency and disaster activities. This mutual aid agreement facilitates inter-state assistance in declared disasters and emergencies and provides for cost recovery from the affected state. Participation in the compact benefits Alaska by providing immediate access to additional trained and experienced emergency specialists and other emergency resources nationwide during a disaster. Additionally, it provides a mechanism for outside states to request the State of Alaska's assistance in managing an emergency or disaster event that is declared by the governor of the affected state when events dramatically overwhelm the emergency management resource capabilities of the affected state.

The Division of Homeland Security and Emergency Management (DHS&EM) is the State's single point-of-contact for managing EMAC activities in Alaska.

PREVIOUS LEGISLATIVE CONSIDERATION

There is no previous legislative consideration for this disaster deployment. Previous activity under EMAC has been covered under existing SDPR authority in the State Active Duty component.

TIMING ISSUES

On October 14, 2017, a State Order (287-002) was created for Hurricane Maria support in the Virgin Islands.

On October 16, 2017, the Department of Military and Veterans' Affairs received an EMAC Request for Assistance (REQ-A, 2011) for 60 Members of the Alaska National Guard to be deployed to the US Virgin Islands to provide equipment operations and maintenance support in response to Hurricane Irma. The requested duty length is 45 days.

Because members have already been deployed, DMVA cannot wait until legislative session begins to request additional SDPR authority. The department needs this increase now, to ensure guardsmen called to duty can be paid for their service.

BUDGETARY ISSUES

- The estimated total cost for this mission as outlined in the EMAC request is \$722,069.45.
- SDPR authorization already exists within the State Active Duty component of the Department of Military and Veterans Affairs, but it is not enough for a deployment of this size and duration. A deployment of this size is unprecedented.
- If approval is not received, DMVA will not be able to be reimbursed for expenditures made on behalf of the US Virgin Islands.
- 100% of costs paid by the State of Alaska are eligible for reimbursement.
- Acceptance of this funding does not obligate the State to expend general funds now or in future years.
- DMVA is requesting a one-time increase in SPDR authority in the amount of \$1,000,000.00. Current SDPR authority is \$220,000.00 which is needed for other normal FY2018 expenditures.
- The line item distribution is estimated at \$800,000 in personal services, \$200,000 in travel and \$100,000 in commodities.

Attached: State Order 287-002
EMAC Request for Assistance REQ-A, 2011

Legislative Fiscal Analyst Comment: There are no technical issues with this RPL. Backup documentation provided by the agency is not attached to this RPL because it contains personal information.

**Department Public Safety
Council on Domestic Violence and Sexual Assault**

Subject of RPL: Council on Domestic Violence and Sexual Assault	ADN/RPL #: 12-8-3016
Amount requested: \$2,004,750	Appropriation Authority: Sec1 Ch1 SSLA 2017 pg 29 ln 24
Funding source: \$2,004,750 Federal Receipts (1002), Operating	Statutory Authority: AS 18.66.010-060

PURPOSE

The Department of Public Safety, Council on Domestic Violence and Sexual Assault (CDVSA), requests additional federal receipt authority to coordinate, administer, and monitor funds to programs that provide safety and services for Alaskans affected by domestic violence, sexual assault, and other violent crimes.

To expand and enhance funding for the Council's statewide priority of ending the cycle of domestic violence, to provide safe shelter for victims of domestic violence, to expand our state's response to sexual assault of children and adults, and to stabilize our community-based programs, CDVSA requires an increase in federal receipt authority in the FY2018 budget.

The Council currently receives four (4) federal formula funded grants including:

Three from Department of Justice (DOJ):

- Violence Against Women's Act (VAWA)
- Sexual Assault Services Program (SASP)
- Victims of Crime Act (VOCA)

One from Department of Health and Human Services (DHHS):

- Family Violence Prevention & Services Act (FVPSA).

Three of these grants (VAWA, SASP, and FVPSA) have remained fairly consistent in their award levels with small increases and decreases over the past four years. Since 2015, the U.S. Department of Justice, Office of Justice Programs, VOCA grant awards have increased from \$1,484,376 in FFY2014 to:

- \$4,909,151 in FFY2015;
- \$5,476,300 in FFY2016;
- \$4,628,960 in FFY2017.

Grant awards are made each federal fiscal year for a 2 to 3-year period, with a possible 1-year no-cost extension. Currently we are spending funds from FFY2015 and 2016, with the FFY2017 funding being awarded as of September 30, 2017. One goal is to better manage our annual awards by more closely aligning federal receipt authority with available resources. This will allow us to better identify current community needs and to fill service gaps that have been identified by our staff and community-based victim services programs in a more timely manner.

A second goal is to effectively utilize federal VOCA funding to meet federal expectations of increased and expanded community-based services that came with increased grant funds received since FFY2015. Due to a lack of federal receipt authority, we are unable to take full advantage of

increased VOCA funds, creating a backlog of federal funding and inadequate community-based services for victims and families of domestic and sexual violence.

Our request for FY2018 is to increase our VAWA grant authority by \$100,000; and to increase our VOCA grant authority by \$1,904,750.

A \$4,004,750 increase is also included in the FY2019 Governor's budget.

PREVIOUS LEGISLATIVE CONSIDERATION

The Department of Public Safety, Council on Domestic Violence and Sexual Assault, has previously requested additional federal receipt authority to better administer federal funds to community-based programs. In FY2017 the CDVSA requested and received \$1,000,000 in increased federal receipt authority.

TIMING ISSUES

CDVSA saw considerable change and new leadership in FY2017. During this change, there was a thorough review of all state and federal funding and a recognition that due to three-consecutive years of increased federal Victim of Crimes Act (VOCA) awards, existing federal receipt authority would not be sufficient to meet the requirements and expectations of DOJ.

In FFY2016 new VOCA rules were introduced which provided guidance for how states should utilize the increased funding. In FY2017, the interim Executive Director requested and received an increase of \$1,000,000 in federal receipt authority as a provisional measure to begin the process of increasing our support to community-based victim services statewide. With this request, it was acknowledged that there would be need for additional federal receipt authority after a permanent Executive Director was hired and had an opportunity to conduct a thorough review of the CDVSA FY2018 budget. Following this review it was determined that the current \$4,712,000 in federal receipt authority would not be adequate to meet VOCA program requirements.

BUDGETARY ISSUES

The requested federal receipt authority will allow CDVSA to better meet its statutory purpose: “to provide for planning and coordination of services to victims of domestic violence or sexual assault or to their families and to perpetrators of domestic violence and sexual assault, and to provide for crisis intervention and prevention programs.” We will be better able to achieve this purpose by funding a statewide system of crisis intervention and stabilization services to victims and their families and by holding perpetrators accountable and providing appropriate treatment services. The FY2018 budget for CDVSA is \$17,972,300 of which \$4,712,000 is funded with federal receipts. With the requested increases and new awards/spending of approximately \$2,000,000, CDVSA anticipates total federal collections of up to \$6,716,750.

No general funds will be used and no additional match is required for this work. Continuing federal receipt authority will be requested in the next budget and will be utilized during each state fiscal year.

The CDVSA will continue to monitor federal grants and if a decline is noticed, the division will promptly request a decrease in federal receipt authority.

Legislative Fiscal Analyst Recommendation: There are no technical issues with this RPL.

**Department Public Safety
Statewide Support
Statewide Information Technology Services**

Subject of RPL: Statewide Information Technology Services	ADN/RPL #: 12-8-3013
Amount requested: \$1,000,000	Appropriation Authority: Sec1 Ch1 SSLA 2017 pg 30 ln 15
Funding source: \$1,000,000 Federal Receipts (1002), Operating	Statutory Authority: AS12.62.110, AS 12.62.130

PURPOSE

The Department of Public Safety (DPS) is responsible for the state's central repository of criminal history record information. The Statewide Information Technology Services (SWITS) component has received increased federal grant funding to coordinate, administer, and monitor funds for the Criminal Records and Identification Bureau that provide improvement to the timeliness, accuracy, utility, and interstate accessibility of criminal history records systems and their use for criminal history background checks.

SWITS was notified by the US Department of Justice (DOJ), Office of Justice Programs, Bureau of Justice Statistics that they have been awarded \$1,198,036 to expand the state's capacity to report incident-based crime data into the Federal Bureau of Investigation's (FBI) National Incident-Based Report System (NIBRS). The goal of the project is to review FBI NIBRS technical reporting and Alaska statutory requirements, issue a request for proposal (RFP) for a NIBRS repository capable of meeting FBI certification requirements and using National Information Exchange Model (NIEM) Information Exchange Package Documentation (IEPD) format and be able to accept bulk submissions and direct incident reports by NIBRS contributors.

SWITS requests an increase of \$1,000,000 federal receipt authorization for FY2018 which will allow the agency to comply with the goal of this project. These improvements will continue to promote data exchange standards between criminal justice agency systems which will have an immediate positive effect on reducing the number of felony convictions without fingerprints and reduce the time between collection and submission of criminal fingerprints from days or weeks to minutes or hours.

A \$1,000,000 increase is also included in the FY2019 Governor's budget.

PREVIOUS LEGISLATIVE CONSIDERATION

The Department of Public Safety, SWITS has requested additional federal receipt authority. In FY2017 a supplemental request in the amount of \$718,100 was granted which allowed the agency to capture National Criminal History Improvement Program (NCHIP) and NICS Act Record Improvement Program (NARIP) federal grant money that was about to expire. The monies were used to purchase validation software which replaced outdated "Live Scan" fingerprint equipment, and installed them in the highest volume courthouses and correctional/booking facilities in Alaska, as well as support for three Alaska Court System (ACS) positions to continue to improve the quality of criminal history disposition.

TIMING ISSUES

Additional federal grant funds were recently made available to the program and the component lacks federal receipt authority commensurate with this increase. In order to ensure that the project begins promptly, the component requires additional federal receipt authority in the FY2018 budget. The increased federal receipt authority would allow SWITS to continue its coordinating, administering and monitoring activities for the Criminal Records and Identification Bureau that provide improvement to the timelines, accuracy, utility and interstate accessibility of criminal history records systems and their use for criminal history background checks to programs, as well as preparations to collect statewide crime data. This will provide significant improvements to current summary reporting capabilities, and would not be possible without this assistance. If additional federal receipt authority is not granted, the department will not be able to meet the required deadline for NIBRS compliance of January 1, 2021.

BUDGETARY ISSUES

The increased federal receipt authority will enhance the capability of SWITS to review FBI NIBRS technical reporting and Alaska statutory requirements, and to be able to accept bulk submissions and direct incident reports by NIBRS contributors. This contributes to the Governor's Safer Alaska initiative of better law enforcement service.

The FY2018 budget for SWITS is \$9,844,600, of which \$1,239,100 is funded with federal receipts. With projected increases and new awards of approximately \$2,523,267, SWITS anticipates total collections of up to \$3,762,400. The \$1,000,000 increase is being requested now to ensure that the NIBRS implementation for the State of Alaska begins in this fiscal year. The component also has requested \$1,000,000 in the FY2019 Governor's budget so that all potential available federal funds can be utilized.

No general funds will be used and no additional match is required for this work. Continuing federal receipt authority will be requested in the next budget and will be utilized during each state fiscal year. SWITS will continue to monitor their federal grants and if a decrease is noticed, the component will promptly request a decrease in federal receipt authority. No new positions are required to fulfill the grant objectives.

Legislative Fiscal Analyst Recommendation: There are no technical issues with this RPL.