

# Senate Finance Committee

January 28, 2016

## Trust

Alaska Mental Health  
Trust Authority



# Trustees

- Russ Webb, chair
- Mary Jane Michael, vice chair
- Larry Norene, secretary
- Laraine Derr
- Paula Easley
- Carlton Smith

# Trust Beneficiaries

Approximate Number of Trust Beneficiaries	
Mental Illness	34,000
Developmental Disabilities	13,000
Chronic Alcoholism/Substance-Related Disorders	20,000
Alzheimer's disease and related dementias	6,000
Traumatic Brain Injury	11,000

# Established Focus Areas

1. Disability Justice
2. Substance Abuse Prevention & Treatment
3. Beneficiary Employment & Engagement
4. Workforce Development
5. Housing and Long-term Services & Supports

# What is the Mental Health Budget Bill?



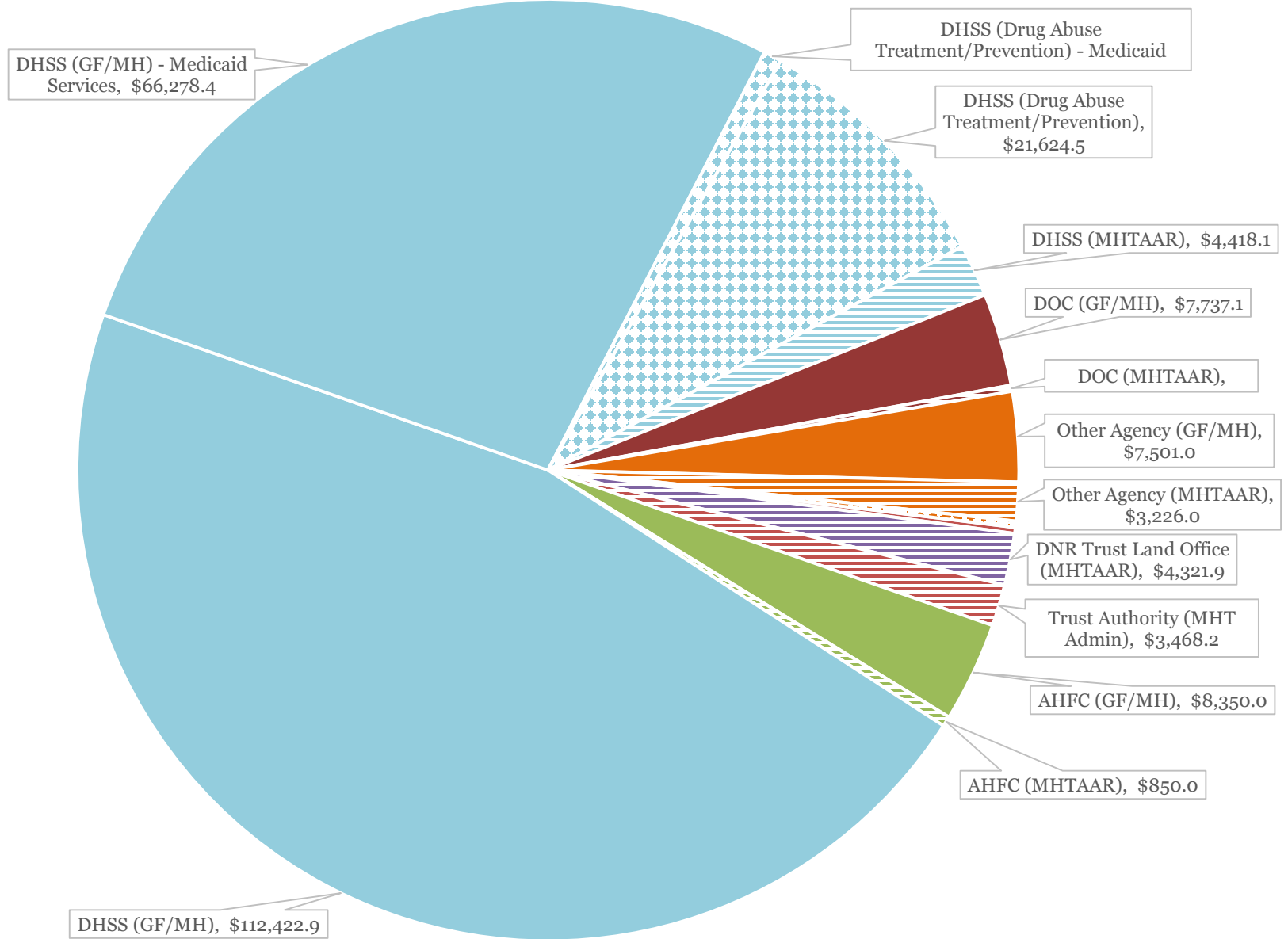
# Mental Health Budget Bill

1. General Fund/Mental Health Base
2. Capital Budget
3. Mental Health Trust Authority  
Authorized Receipts (MHTAAR)

# General Fund/Mental Health Base

- Amount is established by identifying the mental health services funded within the state's GF budget
- These funds are designated as GF/MH
- Final budget from the previous fiscal year establishes the base

## Mental Health Budget Bill (FY16 Enacted)





# Capital Budget

- Separate MH appropriation bill includes portion of the state's capital budget that funds mental health projects
- Includes funds for both operating and construction to provide housing for Trust beneficiaries

# Mental Health Trust Authority Authorized Receipts - MHTAAR

- Trustees authorize state agencies to spend Trust funds for specific operating and capital projects
- State agencies must have legislative approval to receive and expend Trust funds

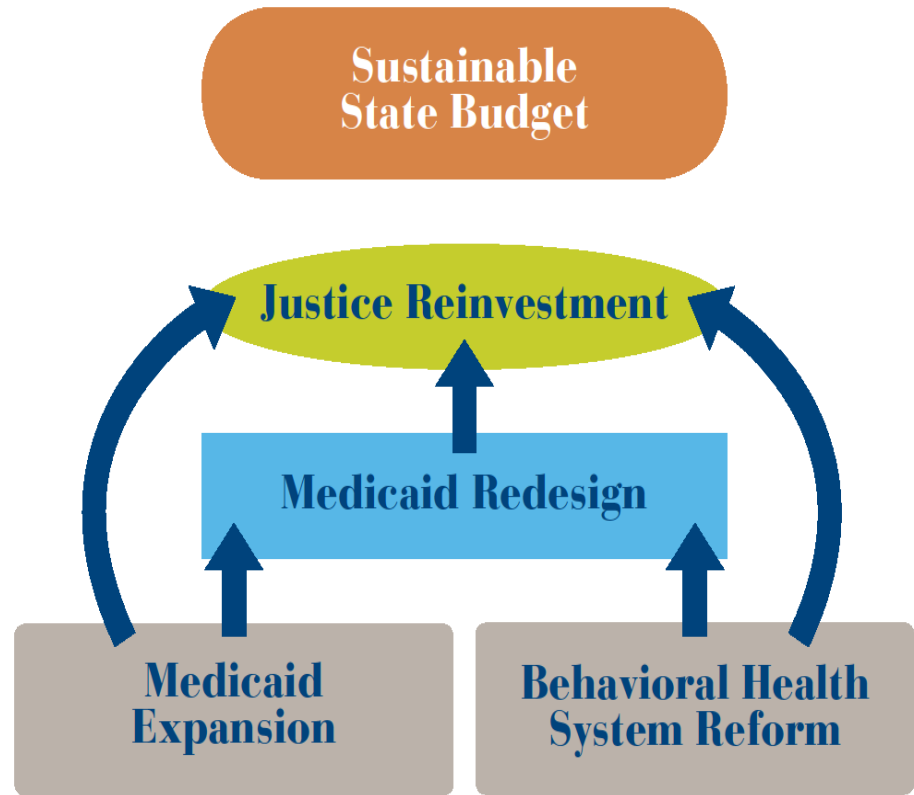
# Long-term Funding Strategy

- Funds projects and activities that make significant and long-term system improvements. The Trust can act as a “venture capitalist” funding innovation to increase effectiveness/efficiency of systems serving beneficiaries
- Substantial portion of Trust funding is for ongoing/long-term projects

FY16 Grants Funded 4+ Years	% of total FY16 budget (exclusive of operating)
MHTAAR (\$7,949.5)	39.1%
Authority Grants (\$5,162.0)	25.4%
Combined (\$13,111.5)	64.5%

# Current Priorities

1. **Medicaid Redesign**
2. **Justice Reinvestment**



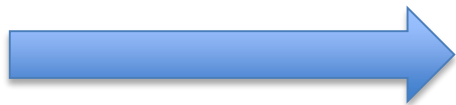
Multi-prong approach: expanding and redesigning Medicaid and reforming the behavioral health system are the foundation to successful criminal justice reform.

# Why is the Trust so engaged with Medicaid Redesign?

- For over 20 years Alaska has been pursuing a strategy of “Medicaid refinancing” to take advantage of federal matching dollars and reduce GF expenditures
- Systems serving Trust beneficiaries are now funded primarily through Medicaid
- Sustainability of Medicaid is crucial to protecting Trust beneficiaries
- Redesign must make Medicaid sustainable and improve results

# Medicaid Redesign

- The Trust has invested over \$600,000 this year on various contracts to provide a strong base of information and options to help the state make strategic decisions regarding Medicaid redesign.



Long-term process

# Funding Has Been Used For Technical Assistance Contracts

- Reviewing Medicaid reform nationwide to identify what has worked – best practices
- Developing a roadmap for Alaska to reduce costs and improve outcomes
- Redesign behavioral health system to avoid costly crises and higher cost care, maximize federal dollars, improve results to reduce costs affecting other parts of budget

# Redesign ... Now and in the Future

A number of reforms are already under consideration

- 1915 (i)/(k) state plan options for Home- and Community-Based services
- Primary Care Access Initiative
- Behavioral Health Access Initiative
- Data Analytics/IT infrastructure
- Pilot Accountable Care Organizations
- Alternative Benefit Plans for Expansion Population



# What's Next?

- Bills
  - SB 74/HB190
  - SB 78
  - HB219
  - HB227
- Reports
  - DHSS: Medicaid Redesign & Expansion report
  - LB&A: Medicaid Cost Containment and Reform Initiatives report

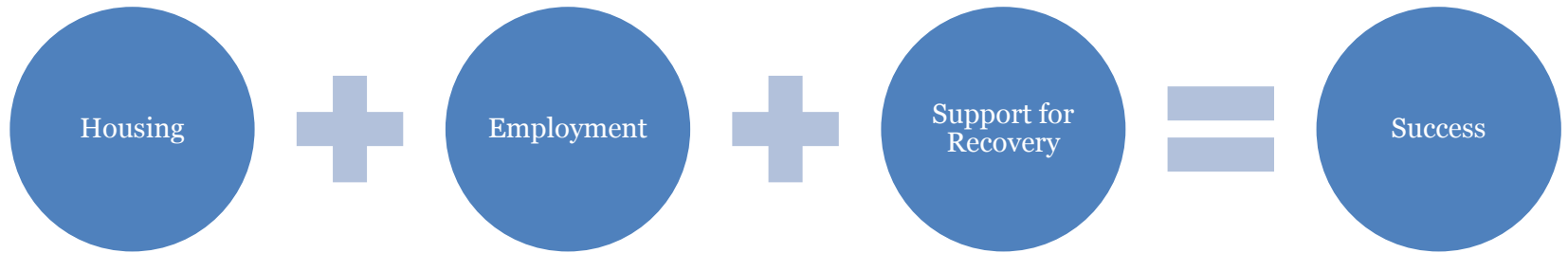
# JUSTICE REINVESTMENT



# Why is the Trust so engaged with Justice Reinvestment?

- Trust beneficiaries account for more than 40% bookings and 40% of DOC population, each year
- For felony offenses, Trust beneficiaries remain in jail *twice* as long as non-beneficiaries
- Recidivism rates are approximately twice as high for Trust beneficiaries

# Justice Reinvestment



# Justice Reinvestment

- There is a critical intersection between criminal justice reform and Medicaid expansion and re-design in re-establishing access to behavioral health services for Trust beneficiaries at high risk of and with involvement in the criminal justice system

# What's Next?

- Recidivism Reduction Plan
- DOC –Prisoner Reentry Initiative (AK-PRI)
- Pew Public Safety Initiative, Justice Reinvestment Project
- Criminal Justice Commission
- SB 91
- Alaska Justice Information Center

# **FY17 BUDGET**

# FY17 Operating Increments

	MHTAAR	GF/MH
<b>IT Application/Telehealth Service System Improvements</b>		
Trustees Proposed	100.0	100.0
Governor Proposed	100.0	0

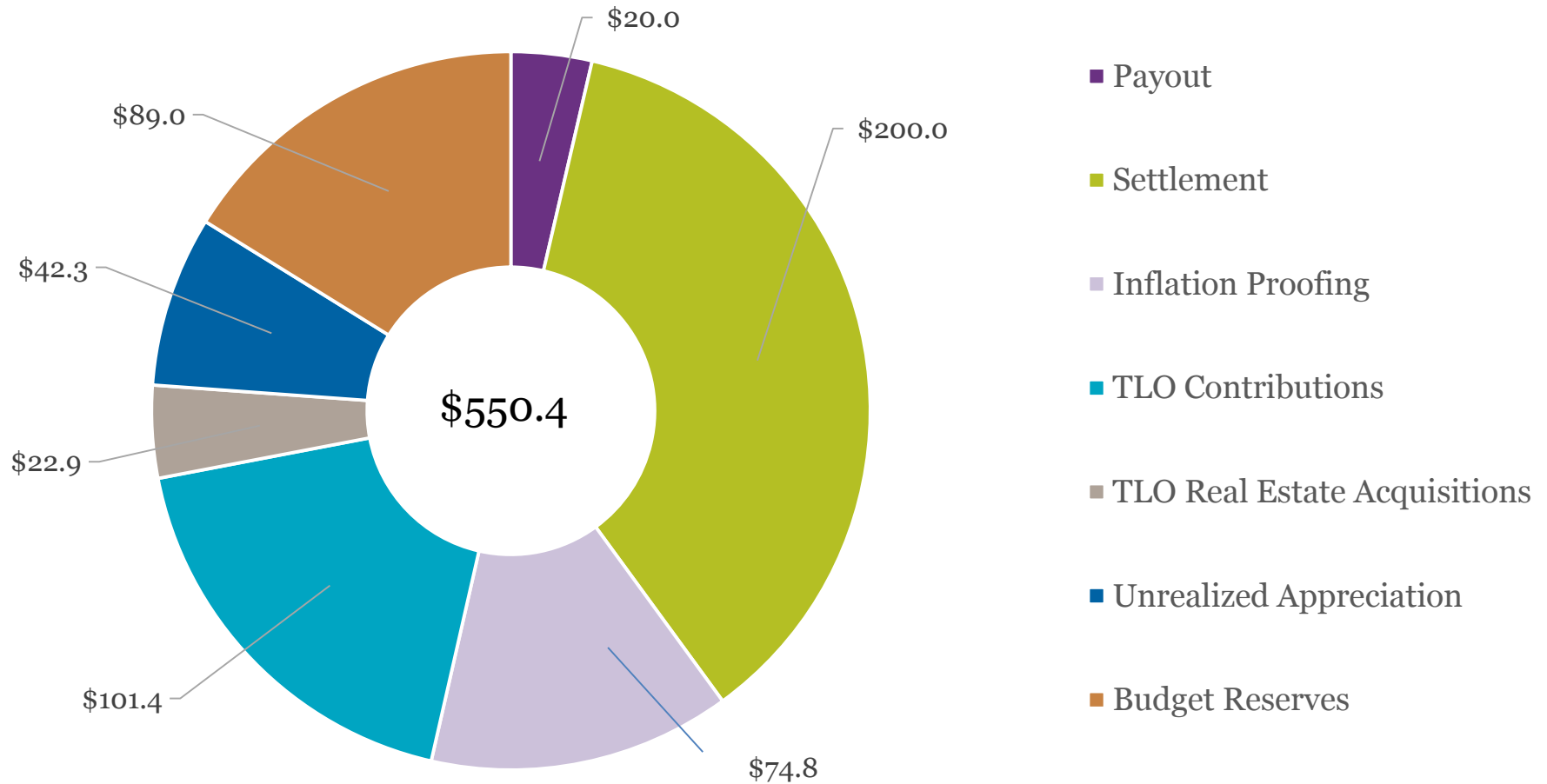


# FY17 Capital

	MHTAAR	GF & GF/MH	AHFC
<b>Home Modifications and Upgrades to Retain Housing</b>			
Trustees Proposed	300.0	500.0	250.0
Governor Proposed	300.0	750.0	0.0
<b>Homeless Assistance Project</b>			
Trustees Proposed	850.0	850.0	6,350.0
Governor Proposed	850.0	2453.4	4,396.6
<b>Special Needs Housing Grant</b>			
Trustees Proposed		1,750.0	1,750.0
Governor Proposed		0	1,500.0
<b>Coordinated Transportation</b>			
Trustees Proposed	300.0	1,000.0	
Governor Proposed	250.0	800.0	
<b>Assistive Technology</b>			
Trustees Proposed		350.0	
Governor Proposed		0	
<b>Essential Program Equipment</b>			
Trustees Proposed	250.0	250.0	
Governor Proposed	250.0	250.0	

# Cash Assets at End of FY15

in millions



# Utilize POMV strategy

The Trust's base payout is 4.25% of the average value of the fund's cash assets



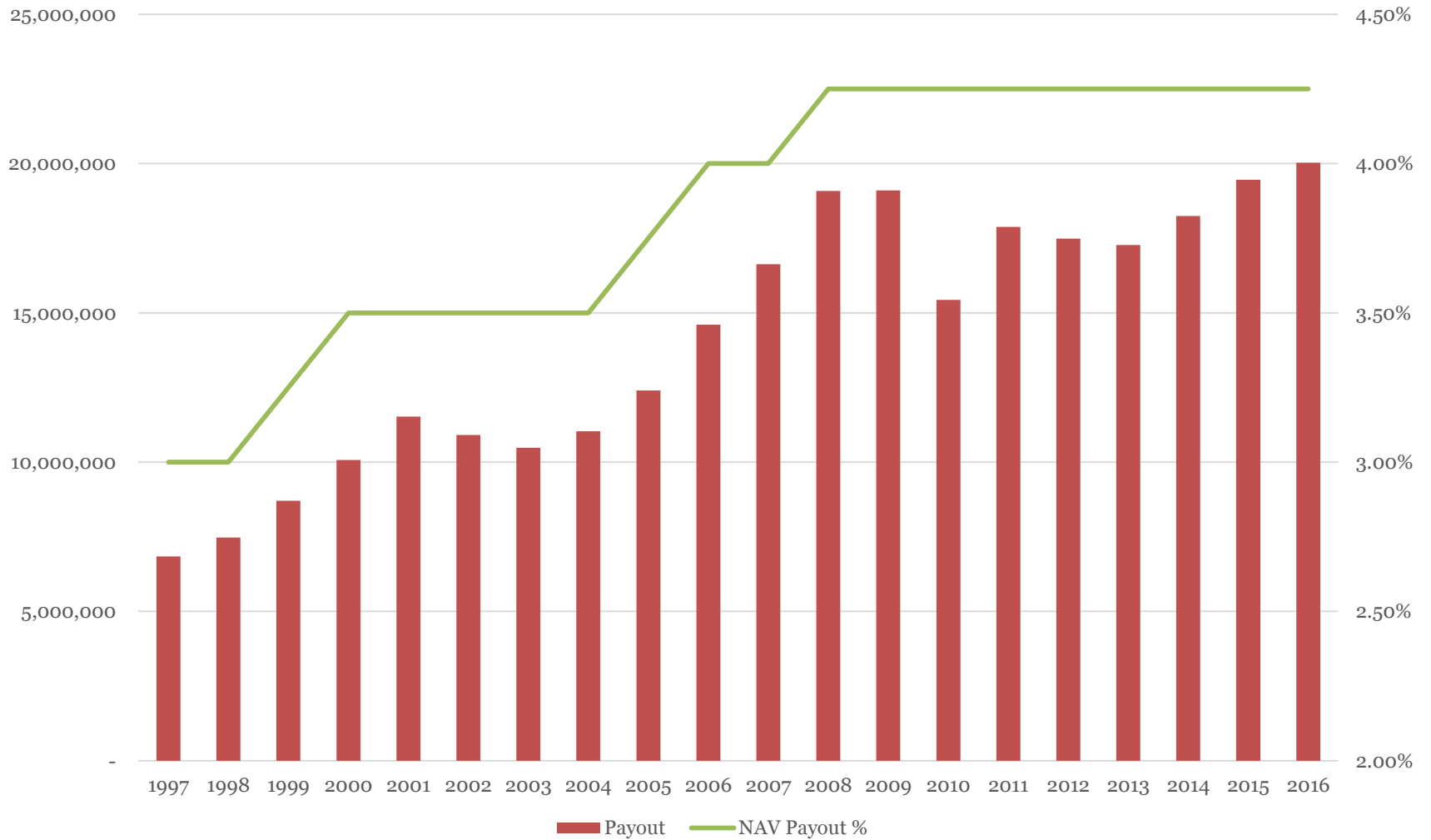
Funding approach ensures  
relatively stable cash flow from year to year

# FY17 Anticipated Income

## Distributable Income

Payout	\$20,886,000
Prior Years Average Lapse	\$3,299,000
Land Office Average Spendable Income	\$4,360,000
Interest Average	\$187,000
<b>Total</b>	<b>\$28,732,000</b>

# Payout History

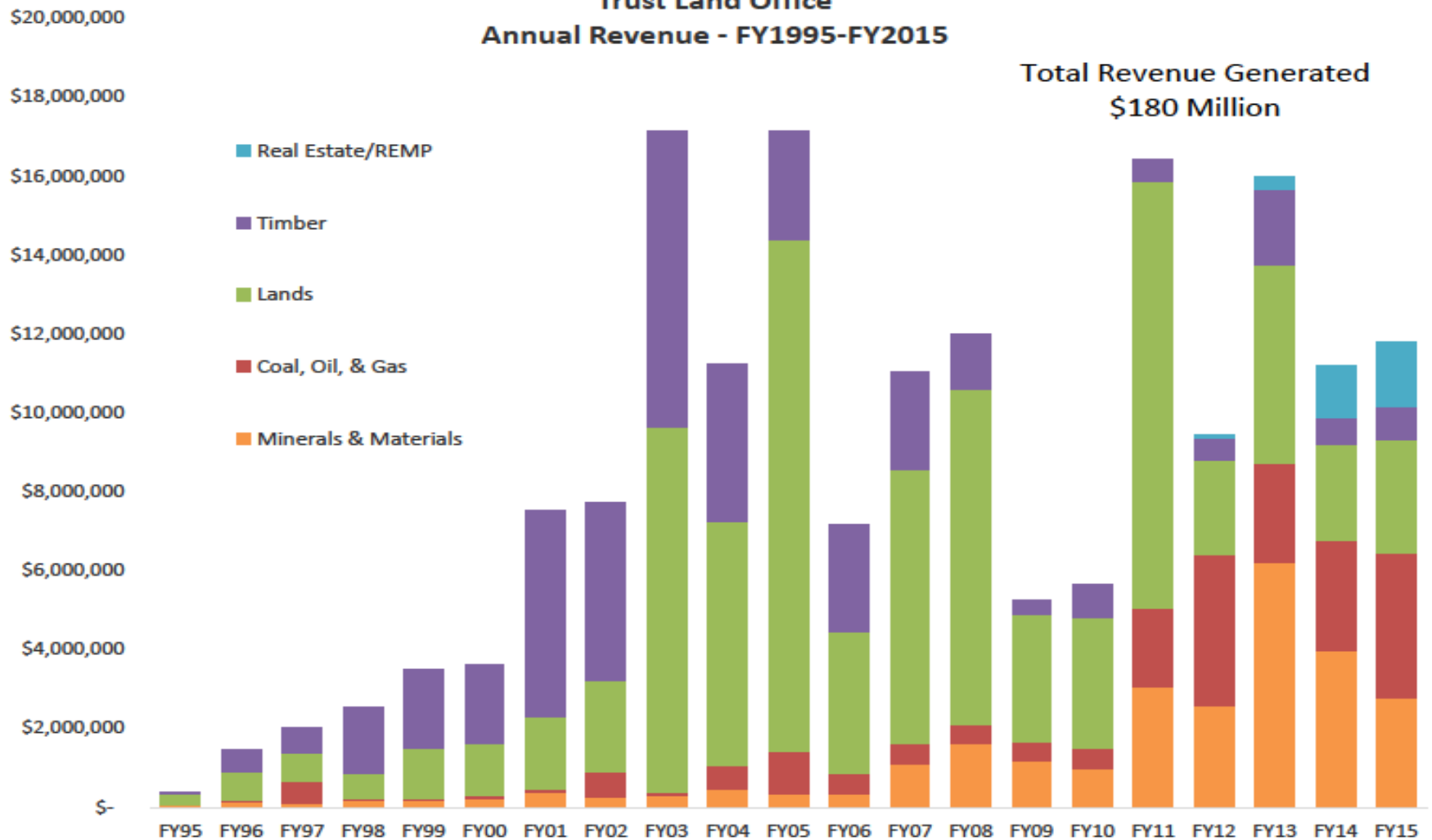


# Trust Land Office

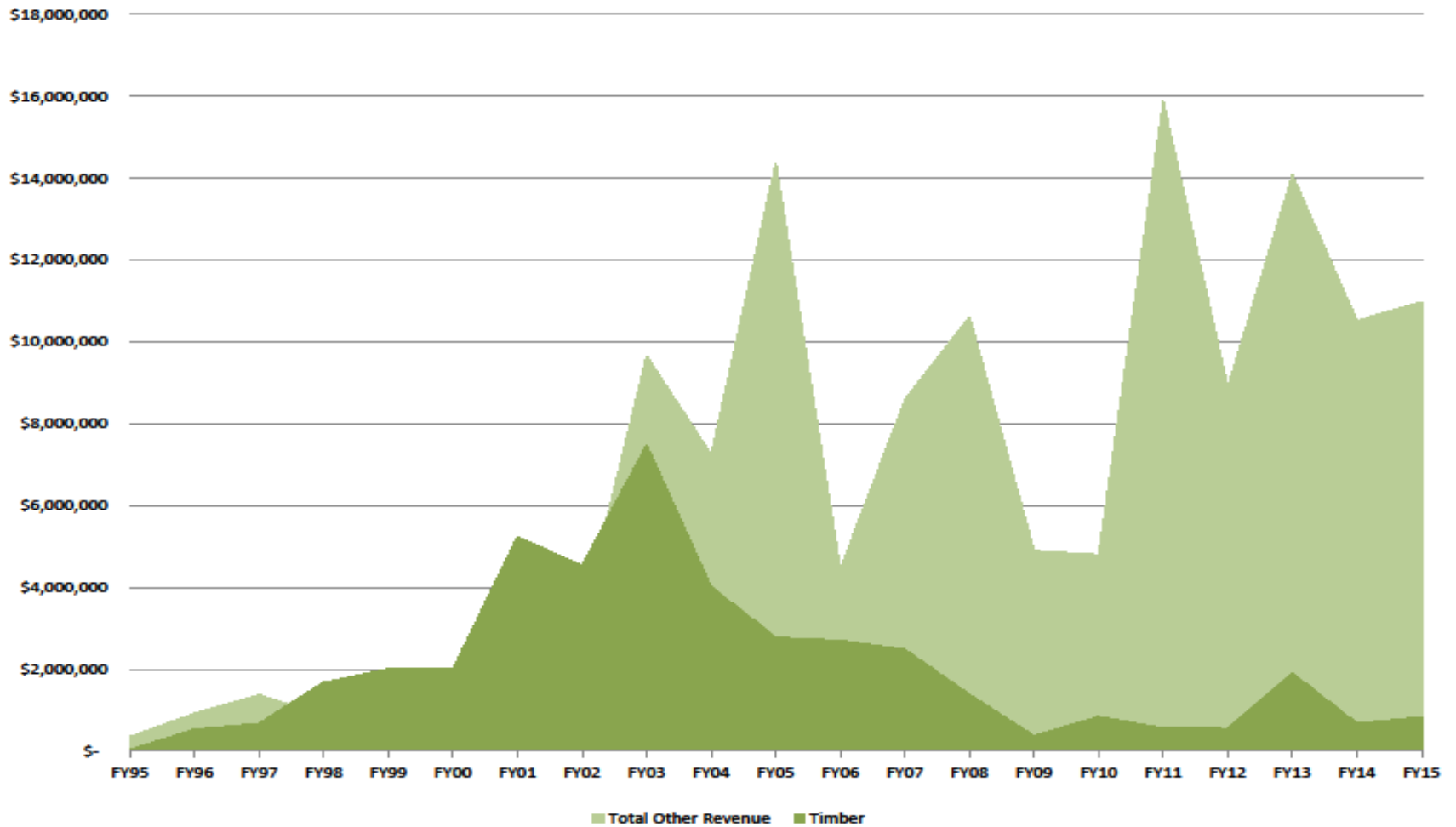
- GOAL: Match or exceed spendable income generated by cash investments
- KEY STRATEGIES:
  - Acquiring income-generating real estate
  - Exploring and marketing mineral resources
  - Land trade with Forest Service to increase marketable timber

# Trust Land Office Annual Revenue - FY1995-FY2015

Total Revenue Generated  
\$180 Million

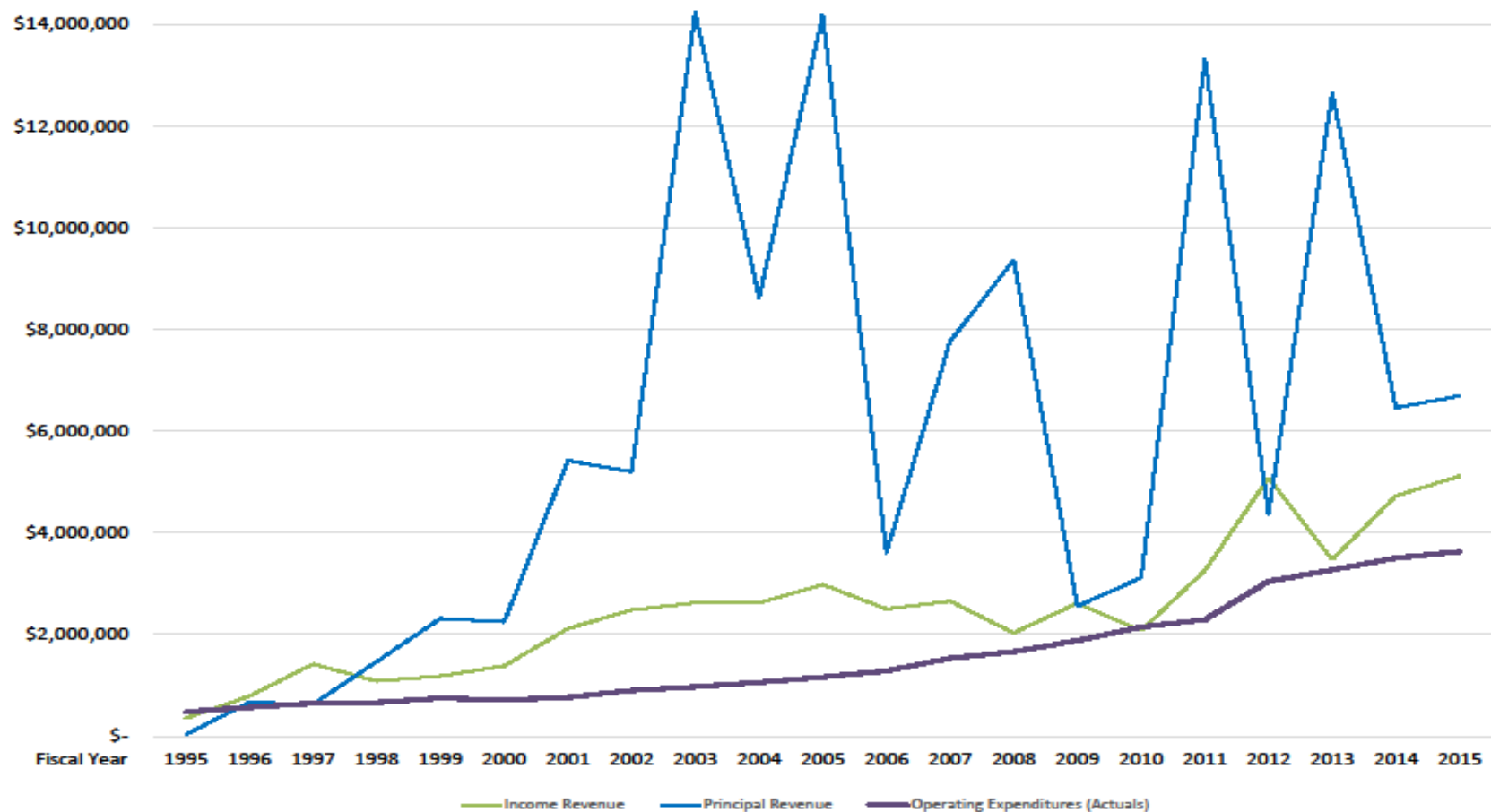


### Trust Land Office Changing Timber Revenue FY95 - FY15





Trust Land Office  
Revenues vs. Expenditures FY1995 - FY2015



# Thank You

## Trust

Alaska Mental Health  
Trust Authority

