



31st Alaska State Legislature
 House Finance Budget Subcommittee
 Department of Health and Social Services
 FY20 Operating Budget

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 465-4949

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 465-6820

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES
 FY20 HOUSE FINANCE BUDGET SUBCOMMITTEE
 NARRATIVE REPORT
 March 21, 2019**

The Legislature has been grappling with the impacts of billion-dollar deficits over the last few years. In response to the fiscal situation, the Department of Health and Social Services' Unrestricted General Fund budget has been reduced by \$138,568.2 (11.1%) between FY15 Management Plan and the FY20 Budget recommended by the House Finance Subcommittee.

SUBCOMMITTEE MEETINGS

The House Finance Budget Subcommittee for the Department of Health and Social Services held one informational meeting with Legislative Finance, three meetings with department personnel to review divisions, programs and the FY20 budget requests, and three meetings to consider amendments and closeout the subcommittee.

RECOMMENDATIONS

The House Finance Budget Subcommittee for the Department of Health and Social Services recommends an operating budget for FY20 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$1,112,811.0
Designated General Funds (DGF)	\$86,071.8
Other Funds	\$148,445.0
Federal Funds	\$1,908,413.9
Total	\$3,255,741.7

The UGF difference from FY20 Adjusted Base to the FY20 House Subcommittee Recommended budget is a reduction of \$20,346.7, a decrease of 1.8 percent.

Positions:

Permanent Full-time	3205
Permanent Part-time	44
Temporary	77
Total	3321

SUBCOMMITTEE BUDGET RECOMMENDATIONS

The Governor's Amended FY20 budget proposed changes to the FY20 Adjusted Base. After deliberating and voting on each item, the subcommittee's recommendations are outlined below.

Governor's Amended FY20 Budget Items Approved as Requested

The subcommittee recommends the following items be adopted:

Alaska Pioneer Homes

- Increase UGF for the Nurse Class Study salary increases;

Behavioral Health

- Increase Restorative Justice Funds for Mental Health and Substance Abuse Services Grants;
- Increase Federal Receipt authority for Behavioral Health Opioid Grants;
- Increase Marijuana Education and Treatment Funding for Behavioral Health Administration based on legislation passed in 2018 (SB104, formerly SB128);
- Increase Mental Health Trust Authority Authorized Receipts (MHTAAR) for Behavioral Health Reform Consultation;
- Reduce General Fund/Mental Health funding to align Involuntary Commitment Transfers to the Medicaid rates in the Designated Evaluation and Treatment allocation;
- Increase MHTAAR funding to support the Alaska Mental Health Board and Advisory Board on Alcohol and Drug Abuse;

Children's Services

- Fund source changes to appropriately align GF/Match associated with the division's Cost Allocation Plan, Foster Care Special Need, and Adoption and Subsidy expenditures;
- Increase Federal and UGF authority to fully fund the positions for foster care legislation passed in 2018 (HB151);

Departmental Support Services

- Increase UGF for Office of Information Technology salary adjustments billed to the department;

Public Assistance

- Reduce GF/Match funding to the Public Assistance Field Services through achievable administrative efficiencies;

Public Health

- Increase Marijuana Education and Treatment Funding based on legislation passed in 2018 (SB104) to support the Marijuana Education and Treatment Program;
- Increase federal authority and inter-agency receipts for Opioid Grants;
- Reduce GF/Match and increase general fund program receipt authority for Public Health Fees as a result from legislation passed in 2018 (HB215);
- Increase Federal authority for Epidemiology to prevent illness, injury and premature death;
- Move the Vaccine Assessment Program from section one of the operating bill (numbers) to the language section;

Senior and Disabilities Services

- Increase MHTAAR funding for an Alaska Commission on Aging Planner, a Governor's Council on Disabilities and Special Education (GCDSE) Program Coordinator and a GCDSE Research Analyst;

Medicaid Services

- Increase MHTAAR funding to support the Administrative Services Organization and actuarial analysis;
- Increase Federal authority and decrease general fund match per fourth year (SB74) Medicaid reform initiatives; and

Alaska Psychiatric Institute

- Transfer the Alaska Psychiatric Institute to its own appropriation; and

Department-Wide

- Decrease Executive Branch travel by 50% as proposed by the Governor.

Governor's Amended FY20 Budget Items Approved with Modifications

The subcommittee recommends the following items be adopted with modifications:

Alaska Pioneer Homes

- Create the Alaska Pioneer Homes Payment Assistance as a new allocation within the Pioneer Homes appropriation;
- Appropriate \$15 million UGF (requested by the Governor) to the Payment Assistance allocation and increase that UGF amount by \$10 million. These actions result in \$25 million UGF appropriated to the Payment Assistance allocation, which will be combined with the \$908.2 UGF also added for the Nurse salary increases; and
- Accept fund source changes involving federal receipts, UGF, general fund program receipts, and inter-agency receipts to implement rate increases.

Governor's Amended FY20 Budget Items Not Adopted

The Subcommittee recommends the following items not be adopted due to concerns with disruptions to critical state services:

Division of Juvenile Justice

- Eliminate the Youth Detention and Treatment at the Nome Youth Facility;

Public Assistance

- Reduce the Maintenance of Effort requirements by reducing Adult Public Assistance payments to the 1983 standard and payment amounts;
- Reduce General Relief Assistance payments for Burial Assistance;
- Eliminate the Maintenance of Efforts for Tribal Temporary Assistance for Needy Families;
- Eliminate funding for Permanent Fund Dividend Hold Harmless;
- Eliminate funding for Senior Benefits Payment Program;

Public Health

- Reduce UGF in Public Health Nursing;

Division Support Services (single appropriations)

- Eliminating Human Services Community Matching Grants;
- Eliminating Community Initiative Matching Grants;

Medicaid Services

- Implement Medicaid Services cost containment measures and reform initiatives;
- Eliminate Medicaid Adult Preventative Dental;
- Consolidate Behavioral Health Medicaid Services, Health Care Medicaid Services, and Senior and Disabilities Medicaid Services into one appropriation.

Additions and Deletions

In addition to the Governor's Amended Budget FY20 items, the subcommittee considered and recommends adopting the following items:

- Remove language inserted by OMB to allow unlimited transfers across appropriations;
- Insert department level intent to allow the Commissioner of the Department of Health and Social Services to transfer up to \$30,000.0 between all appropriations, with the exception that no transfers be made from Medicaid Services Appropriations;
- Replacing \$1,500.0 of unsustainable Alcohol and Other Drug Treatment and Prevention Funds with Recidivism Reduction Funds for Behavioral Health Treatment and Recovery Grants;
- (technical amendment to correct omission in the OMB 2/13/19 budget release) restore \$65.0 Marijuana Education and Treatment funding for Behavioral Health Administration
- Insert intent language for the Department of Health and Social Services to abide by all provisions of collective bargaining agreements and adhere to the laws of the State Procurement Code in contracting of services for the Alaska Psychiatric Institute.

Due to timing of the Medicaid (Phase One) presentation, there was insufficient time to review and propose achievable Medicaid reductions. In an effort to assist the full Finance Committee, the Co-Chairs of the standing Health and Social Services Committee drafted a memo outlining potential UGF savings that the full Finance Committee could consider.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Health and Social Services adopted the attached reports and documents:

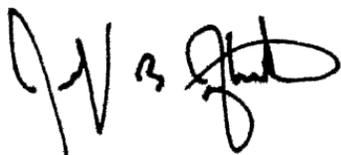
(Division of Legislative Finance)

- HSS Budget Action Worksheet
- HSS Multi-year Agency Totals
- HSS Transaction Compare – FY20 Adjusted Base and House Sub
- HSS Transaction Compare – FY20 Governors Amended Total and House Sub
- HSS Wordage Report

(Co-Chairs of the House Health and Social Services Committee)

- Medicaid Services Appropriation Reductions Memo

Respectfully submitted,



Representative Jennifer Johnston, Chair
House Finance Budget Subcommittee for the Department of Health and Social Services