



THE STATE  
of **ALASKA**  
GOVERNOR MICHAEL J. DUNLEAVY

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET  
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March 28, 2019

Representative Neal Foster, Co-Chair  
House Finance Committee  
State Capitol, Rm 505  
Juneau, AK 99801

Representative Tammie Wilson, Co-Chair  
House Finance Committee  
State Capitol, Room 511  
Juneau, AK 99801

Dear Co-Chairs Foster and Wilson,

Below, please see the responses to questions asked during the Office of Management and Budget's presentation to the House Finance Committee on March 12, 2019.

1. *Representative Tilton: Please provide a table showing Pioneer Home changes in level of service and changes in cost and structure. Is financial disclosure a statutory or regulatory requirement?*

Please see the attachment titled: *Alaska Pioneer Homes - proposed rates*.

7 AAC 74.045(b) outlines the required documentation needed for payment assistance eligibility:

- (a) Payment assistance will be provided in an amount that, when added to the applicant's income and resources, other than those described in (c) of this section, is necessary to cover the appropriate monthly or daily rate. Except as otherwise provided in this section, payment assistance begins on the first day of the month following the month in which the application for payment assistance is approved by the department.
- (b) A payment assistance application must contain a complete and accurate disclosure of income and resources, including, for the applicant and for the applicant's spouse,
  - (1) a description, including location, of all real property owned in whole or in part, whether inside or outside the state, during the preceding 36 months;
  - (2) a description, including location, of all major resources other than real property owned in whole or in part during the preceding 36 months,

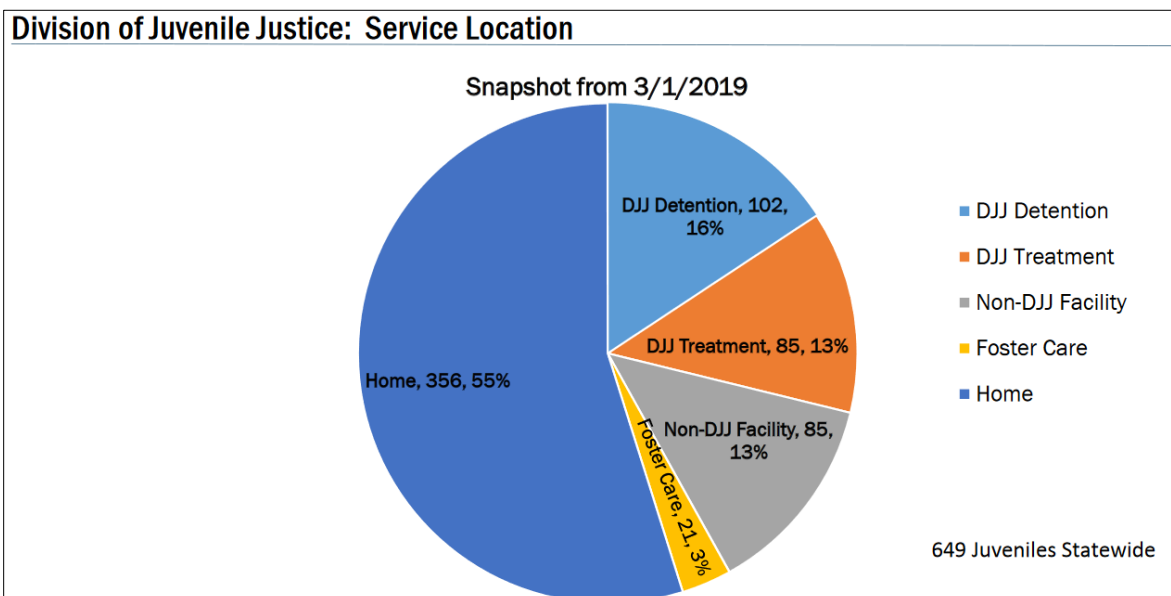
- including automobiles, boats, airplanes, jewelry, cash, stocks, bonds, notes, livestock, and major equipment;
- (3) a listing of the amount and sources of all income that might be received while the applicant is a resident or recipient;
- (4) copies of federal income tax filings for the preceding three years; and
- (5) the number, location, and contents of all savings, checking, brokerage, or other accounts and safe-deposit boxes held either individually or jointly during the preceding 36 months.

2. *Representative Wilson: What is the youth facility capacity and severity of cases? What kind of cases are dealt with and how many kids are treated?*

### Division of Juvenile Justice: Facility Utilization and Costs

|                                | FY2019<br>Management Plan | FY2020 Governor's<br>Amended | Capacity | FYTD %  |
|--------------------------------|---------------------------|------------------------------|----------|---------|
| Bethel Youth Facility          | \$ 5,006.8                | \$ 5,006.8                   | 17       | 80.73%  |
| Fairbanks Youth Facility       | \$ 4,845.7                | \$ 4,845.7                   | 28       | 69.27%  |
| Johnson Youth Center           | \$ 4,311.5                | \$ 4,311.5                   | 20       | 77.08%  |
| Kenai Peninsula Youth Facility | \$ 2,137.5                | \$ 2,137.5                   | 10       | 76.48%  |
| Nome Youth Facility            | \$ 2,684.4                | \$ 684.4                     | 14       | 63.62%  |
| Mat-Su Youth Facility          | \$ 2,409.0                | \$ 2,409.0                   | 15       | 104.74% |
| McLaughlin Youth Center        | \$ 17,968.9               | \$ 17,968.9                  | 110      | 92.16%  |

However, as noted in the below chart, the majority of the children served by the Division of Juvenile Justice are not in the facilities. Therefore, the youth in the facilities, especially in the treatment programs, represent the most severe cases.



3. *Representative Ortiz: What is the total amount of Maintenance of Effort (MOE) within the Department of Health and Social Services programs?*

- Temporary - Assistance to Needy Families: \$36.6 Million
- Medicaid (Adult Public Assistance serves as MOE): \$55.6 Million
  - Governor's FY20 Budget reduced Adult Public Assistance by \$14.7 million
- There is an additional small amount of MOE for the Community Mental Health Services Block Grant and Substance Abuse Treatment Services Block Grant

4. *Rep. Wilson: Please provide information on the number of recipients in each public assistance program and who benefits from hold harmless?*

The department provides a monthly update of program recipients online at:

<http://dhss.alaska.gov/dpa/Pages/Dashboard.aspx>

5. *Representative Foster: Please provide a table on income payments for senior benefits.*

Please see the following link:

<http://dpaweb.hss.state.ak.us/POLICY/PDF/SBP-Annual-Income-Limit.pdf>

6. *Representative Ortiz: Please provide the array of services available to different populations (seniors specifically).*

Please see the attached document titled: *Service Array*.

7. *Representative Josephson: Is the 1983 MOE inflation adjusted or adjusted for the Cost of Living Allowances (COLA)?*

No, the 1983 standard is not adjusted for inflation. The Governor's proposal is to change the method for meeting the MOE from the level payment method, where the state must meet or exceed prior year expenditure levels, to the 19853 standard, where the state must meet the level of payments that were in effect at that time.

8. *Representative Wilson: Does the Permanent Fund Dividend (PFD) negatively impact our ability to get a better match for Medicaid?*

Yes, the Stated federal Medicaid matching rate is based on per-capita income and includes the Permanent Fund Dividend as well as:

- earnings (wages and salaries, employer contributions for employee pension and insurance funds, and proprietors' income);
- dividends, interest, and rent; and
- personal current transfer receipts (e.g., government social benefits such as Social Security, Medicare, Medicaid, state unemployment insurance)

Despite criticism from the Government Accountability Office (GAO) and others, the Federal Medical Assistance Percentages (FMAP) formula has essentially been unchanged since the

enactment of Medicaid in 1965. GAO has long argued the variable in the formula, per capita income, has two major shortcomings. First, it does not adequately measure a state's total resources available to finance health and long-term care for low-income populations. Second, it does not adequately measure the size of a state's population in poverty and the cost of serving that population.

9. *Representative Ortiz: How many adults will lose their dental care under the adult Medicaid?*

Below is a table of actual 2018 spending with recipients. Not all dental services will be eliminated. Dental services for children will remain intact and more severe dental services for adults will as well.

| Benefit Group      | Federal Spend       | State Spend        | Total Spending      | Distinct Recipients |
|--------------------|---------------------|--------------------|---------------------|---------------------|
| ELDERLY            | \$1,218,199         | \$955,383          | \$2,173,582         | 2,813               |
| ADULT              | \$12,578,295        | \$3,998,824        | \$16,577,119        | 24,094              |
| ADULT DISABLED     | \$1,911,705         | \$1,566,145        | \$3,477,850         | 5,040               |
| <b>Grand Total</b> | <b>\$15,708,198</b> | <b>\$6,520,352</b> | <b>\$22,228,551</b> | <b>31,947</b>       |

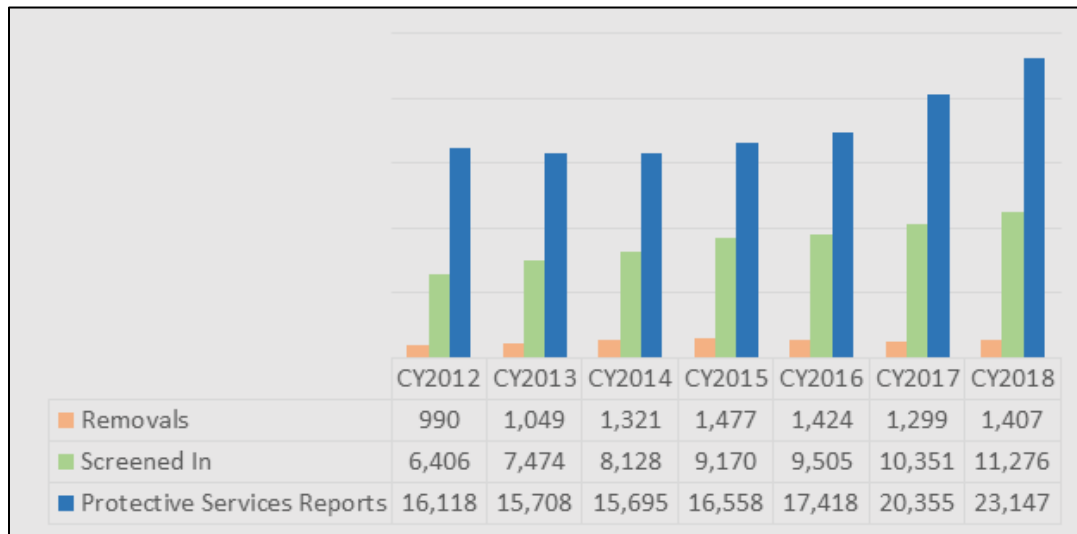
10. *Representative Sullivan-Leonard: Please provide a summary of other optional services Alaska provides in Medicaid.*

Attached is a document that compares the optional services offered under various state Medicaid plans. Many of these services are no longer considered optional with the advent of the Affordable Care Act, which imposes additional service requirements. Additionally, some optional services generate cost savings such as home-based services to individuals who would otherwise be institutionalized at significantly higher costs.

Please see the attachment titled: *Optional Services State by State Comparison*.

11. *Representative Wilson: Please provide an update on foster care and the Office of Children Services including how many new positions are filled, the impact on number of kids removed from homes, and caseload impact and reunification.*

Below is a chart illustrating the number of removals per calendar year along with the number of total protective services reports and protective services reports which were screened in by the Office of Children's Services (OCS). The percentage of screened in reports that resulted in a removal decreased since 2017. From 2012-2016, the percentage of children who were removed averaged 15.4%. In 2017 and 2018, the percentage was 12.5%.



Please let me know if you have additional questions.

Sincerely,

Donna Arduin, Director  
Office of Management and Budget

Enclosures

1. *Alaska Pioneer Homes – proposed rates*
2. *Service Array*
3. *Optional Services State by State Comparison*

cc: Ms. Suzanne Cunningham, Director, Governor's Legislative Office  
Mr. David Teal, Director, Legislative Finance Division