



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of
Health and Social Services**

FINANCE AND MANAGEMENT SERVICES
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February 7, 2020

The Honorable Neal Foster
House Finance Co-Chair
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Jennifer Johnston
House Finance Co-Chair
Alaska State Legislature
State Capitol, Room 511
Juneau, AK 99801-1182

Dear Representatives Foster and Johnston:

On February 3, 2020, the Department of Health and Social Services received the following questions from the House Finance Committee regarding the Department Overview presentation:

- **Rep. Wool – Follow up on Alaska Pioneer Homes decrements**
The attached titled “AKPH FY21 Decrement and Revenues” will show the current authority and the FY2021 projected revenue collections based on the decrement requested for FY2021. The decrement is a clean-up of anticipated uncollectable authority that has been carrying forward.
- **Rep. Ortiz – What is the UGF savings for Alaska Pioneer Homes from FY2019 – FY2021?**
With the FY2021 \$5,000.0 increment included in the calculation, the UGF savings from FY2019 – FY2021 is \$2,240.9.
- **Rep. Wool – What are the additional receipts from Private Pay from FY2019 – FY2020?**
The additional private pay receipts from FY2019 – FY2020 for Pioneer Homes is projected to be approximately \$7,000.0.
- **Rep. Johnston – Sustainability of the MET funds year to year or a one-time?**
Projected FY2021 revenues to the Marijuana Education and Treatment Fund (MET) are estimated to be approximately \$6.8 million so that is the sustainable amount. The rest of the fund change is a one-time usage of prior year collections. The department will continue to monitor and assess future sustainability.
- **Rep. Foster – What are the savings (maybe an ongoing report) of closing Nome Youth Facility?**
See attachment titled “Rep Foster NYF Closure Savings.”
- **Rep. Knopp – What are the Public Assistance eligibility requirements?**
See attachment titled “DPA Programs.”

- **Rep. Ortiz - Provide any analysis on day hab since the hours reduction, including savings realized versus projected, how people are adjusting, variances approved, who tends to need more or fewer hours, alternatives for people who get their hours cut.**

The Division of Senior and Disabilities Services (SDS) amended regulations to limit the number of hours of day habilitation each individual could receive to 624 hours per plan year. Day Habilitation services are available in the Intellectual and Developmental Disabilities Waiver, Children with Complex Medical Conditions Waiver, and Adults with Physical and Developmental Disabilities Waiver. SDS recently added the Individualized Supports Waiver (October 1, 2018) which includes day habilitation in the service array.

Per a legal settlement on changes to the service of day habilitation, SDS is working to 1) develop additional training and outreach to work with care coordinators to better assist their clients in articulating why they need day habilitation over 12 hours per week, and 2) develop more detailed standards (through the regulatory process) that define these terms. Proposed regulations have been through public comment and are awaiting review with DHSS.

Until that work is complete, SDS may approve requests for more than 624 hours of day habilitation annually to avoid institutional care or for the health and safety of Medicaid recipients. Each plan is carefully considered and if the Department denies the service in whole or in part, the recipient is given due process and the right to appeal the decision.

SDS conducted an analysis of paid claims for day habilitation comparing FY2016 (prior to implementation of the limit) to FY2018. Paid claims for FY2016 totaled \$46,244,442. FY2018 claims totaled \$45,269,389 for a net savings of \$975,053. The average hours per person in FY2016 were 12.75 per week, and in FY2018 the average hours per person were 11.97 per week. FY2019 paid claims are not complete because providers have one full year to bill.

Some recipients of day habilitation service were held harmless due to a lawsuit until the regulations formalizing the standards are in effect. Others have requested consideration for additional hours within their plans of care. SDS conducted an analysis for one calendar year and found the following:

For the time span of 1/1/2018 – 1/1/2019 there were 102 individuals that utilized between 13 and 25 hours per week, exceeding the annual limit of 624 hours.

- **Rep. Johnston – When will Medicaid run out of funds for FY2020?**
Current projection reflects the General Fund spending authority will be exhausted the week of 03/23/2020 and the federal spending authority will be needed by the week of 05/18/2020
- **Rep. Josephson – What is the GF dollar amount spent on the expansion population?**
This information is available on the Medicaid Budget FAQs through the Legislative Finance website – please see the third item posted - SFY2019 Medicaid Claims and Enrollment at this hyperlink: <http://legfin.akleg.gov/MedicaidFAQ/FAQs.php> . Please note the claim amounts reported do not include offsets, such as drug rebates that are processed through the state's accounting system.
- **Rep. Johnston – Provide MESA report.**
As requested the hyperlink:

<http://dhss.alaska.gov/fms/Documents/AK-Long-Term-Medicaid-Forecast-FY2020-FY2040.pdf>

If you have additional questions, please contact me at 465-1630.

Sincerely,



Sana Efird
Assistant Commissioner

cc: Kelly Cunningham, Fiscal Analyst, Legislative Finance
Suzanne Cunningham, Legislative Director, Office of the Governor
Jacqelli Ziegenfuss, Office of Management and Budget
Adam Crum, Commissioner
Anne Zink, Chief Medical Officer
Albert Wall, Deputy Commissioner
Clinton Lasley, Deputy Commissioner
Marian Sweet, Deputy Director of Finance and Management Services
Janelle Earls, Budget Manager
Anthony Newman, Legislative Liaison
Sarah Brinkley, Deputy Legislative Liaison
Clinton Lasley, Director, Alaska Pioneer Homes
Renee Gayhart, Director, Division of Health Care Services
Tracy Dompeling, Director, Division of Juvenile Justice
Shawnda O'Brien, Director, Division of Public Assistance
John Lee, Director, Senior and Disabilities Services

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