

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	HB 172
Fiscal Note Number:	2
(H) Publish Date:	4/12/2021

Identifier: LL0730-2-DHSS-DET-3-30-2021
Title: MENTAL HEALTH FACILITIES & MEDS
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Health and Social Services
Appropriation: Behavioral Health
Allocation: Designated Evaluation and Treatment
OMB Component Number: 1014

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	300.0		800.0	1,600.0	1,600.0	1,600.0	1,600.0
Miscellaneous							
Total Operating	300.0	0.0	800.0	1,600.0	1,600.0	1,600.0	1,600.0

Fund Source (Operating Only)

1037 GF/MH (UGF)	300.0		800.0	1,600.0	1,600.0	1,600.0	1,600.0
Total	300.0	0.0	800.0	1,600.0	1,600.0	1,600.0	1,600.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 03/01/23

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By: Gennifer Moreau, Director
Division: Behavioral Health
Approved By: Sylvan Robb, Administrative Services Director
Agency: Office of Management and Budget

Phone: (907)269-4804
Date: 03/29/2021 02:00 PM
Date: 03/30/21

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

Analysis

Introduction of this bill is required to fulfill the department's obligations under the settlement in Case No. 3AN-18-9814 CI with the Disability Law Center (DLC) on September 3, 2020. The settlement includes a requirement that the department improve capacity for individuals to receive timely evaluations and treatment in the least restrictive settings.

Crisis stabilization services will free up public safety resources for Police and Alaska State Troopers, Corrections, and the Court System.

Our current system relies on law enforcement, emergency medical services (EMS), and hospital emergency rooms to serve people in behavioral health crisis. Crisis stabilization services provide an opportunity to divert individuals experiencing a behavioral health emergency to the appropriate level of behavioral health treatment.

Without these services, law enforcement officers are often the first to respond and continually engage with individuals in behavioral health crisis, which is largely outside of their scope of training. Increasing the availability of crisis stabilization services across Alaska allows law enforcement to focus more on crime prevention and other law enforcement activities.

This bill allows a new facility type to seek departmental designation to become "evaluation facilities" for involuntary commitment, similar to current Designated Evaluation and Stabilization (DES) and Designated Evaluation and Treatment (DET) centers, thereby expanding capacity for psychiatric stabilization and treatment. The department used the lowest estimate possible based on average DET stays, because it is anticipated that this new provider type will decrease pressure on higher levels of care.

State regulatory guidance currently allows only hospitals to be designated as DES/DET entities. This bill authorizes DES/DET like services to be implemented at non-hospital locations if designated by the department in advance of state regulation updates. The department will adopt regulations as soon as possible, on or before 3/1/2023.

Funding used to support DES/DET hospitals leverages the federal Disproportionate Share Hospital (DSH) fund source, which is also limited to hospitals.

Because not all individuals subject to a civil commitment have insurance, this fiscal note analysis reflects the costs associated with those individuals who are not covered by a payor – including private insurance or Medicaid – but require services through a facility designated as a DES/DET. The 1115 Behavioral Health Medicaid Waiver (1115 Waiver) will pay for DES/DET services when 1115 Waiver crisis stabilization services are provided by a Medicaid provider with an 1115 Waiver specialty and the patient is a Medicaid patient.

The non-hospital locations contemplated in this bill include a 23-hour crisis observation and stabilization center. A 23-hour crisis observation and stabilization center will provide prompt observation and stabilization services to individuals presenting with acute symptoms of emotional distress for up to 23-hours and 59 minutes in a secure environment. A short-term crisis residential center is a medically monitored short-term residential program in a facility that provides 24/7 psychiatric stabilization. This fiscal note serves to compensate providers when there is no other payor source, in an amount that is sufficient to pay for DES/DET services.

While a significant number of service recipients will be Medicaid eligible, not all recipients seeking services will be Medicaid eligible, meaning not all costs incurred will be reimbursable by Medicaid. A facility operating as a DES/DET does not have the option to refuse service, and therefore will incur unpaid costs. DES/DET facilities use the "no wrong door" approach, where any individual, regardless of their ability to pay, will receive services when an individual is ordered there by the court as a civil commitment.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

BILL NO. V2LL0730

Analysis

Traditionally, the department utilizes DSH funding for hospitals that are designated as a DES/DET to cover the costs associated with providing uncompensated care to individuals who do not have a payor source for services. DSH funding is a state and federal match, with the federal portion limited to hospitals and the state portion defined in Alaska Administrative Code. The proposed DES/DET facilities in this bill that are not hospitals or that are tribal entities will not qualify for the federal match portion of DSH funding per federal regulations.

Funding will need to be available to cover the services for which federal DSH funding is not available and also to cover individuals with no payor source. Without this funding, it is unlikely that new entities (non-hospitals and tribal entities) will become DES/DET providers. The funding reflected in this fiscal note reflects the estimated cost to the department to cover state general funded DES/DET facilities, as no federal match would be available.

DES/DET Facility Uncompensated Care Costs

		FY22	FY23	FY24	FY25	FY26	FY27
A	# of New DSH qualifying facilities	1	2	2	2	2	2
B	Fed DSH (in Medicaid Services fiscal note)	\$100	\$200	\$200	\$200	\$200	\$200
C	UGF match for DSH (this fiscal note)	\$100	\$200	\$200	\$200	\$200	\$200
D	# of New Non-DSH qualifying facilities	1	3	7	7	7	7
E	UGF funding for facilities in lieu of DSH (this fiscal note)	\$200	\$600	\$1400	\$1400	\$1400	\$1400
A+D	# Total New Facilities	2	5	9	9	9	9
B	Fed total (Medicaid Services fiscal note)	\$100	\$200	\$200	\$200	\$200	\$200
C+E	UGF total (page 1 this fiscal note)	\$300	\$800	\$1600	\$1600	\$1600	\$1600

Not all facilities will qualify for the federal share of Disproportionate Share Hospital (DSH) funding, because not all facilities are hospitals (and some will be tribal which do not qualify for DSH) per federal regulations. The department anticipates that it will cost the department \$200.0 per new DES/DET facility that is added. This amount reflects the lowest average of DES/DET expenditures from a look back period of 5 years. The lowest average was used due to an anticipated decrease in the utilization of DES/DET services as a result of 23-hour crisis stabilization services.

In FY22, the state anticipates one hospital and one non-hospital to stand up DES/DET services. The hospital will be eligible for 50% federal match of the estimated \$200.0. The one non-hospital will require 100% state funding of the estimated \$200.0. Thus, the total anticipated amount needed for FY22 is \$300.0.

In FY23, the state anticipates that there will be one hospital and two non-hospitals to stand up these services. The hospital will be eligible for 50% federal match of the estimated \$200.0. The two non-hospital will require 100% state funding each of the estimated \$200.0. Thus, the total anticipated amount needed for FY23 is \$500.0 (in addition to the ongoing \$300.0 in FY22).

In FY24, the state anticipates that tribal entities will stand up these services in rural Alaska. Tribal entities are not eligible for federal match. Therefore, state funding will need to cover the additional four DES/DET entities anticipated for FY24.