

2024 SESSION OPERATING BUDGET AMENDMENT PROPOSAL #1

OFFERED IN: The House Finance Subcommittee for the Department of Health

TO: HB 268 / HB 270

OFFERED BY: Representative Fields

FISCAL YEAR: FY 25

DEPARTMENT: Health

APPROPRIATION: Behavioral Health

ALLOCATION: Behavioral Health Treatment & Recovery Grants

ADD: \$12,900,000 / Fund Source: GF/MH / Fund Code: 1037

EXPLANATION: Behavioral healthcare is a vital and equal part of the healthcare system, and behavioral health treatment and recovery grants are crucial to thousands of underserved Alaskans to access essential treatment and services like medication and in-home care services. Alaskans with disabilities, family members, and other caregivers need access to timely behavioral health services.

The Department of Health initiated a rate review intended to take effect in FY23 (July 2022). These rates have yet to be enacted. Community behavioral health providers are facing financial hardship due to a delay in rate adjustment. According to preliminary data from the Office of Rate Review for new potential rates, the delayed implementation has resulted in \$12.9 million in missed revenue for behavioral health providers over that time.

Consequently, providers have been operating with the same rates since 2018, which predates the pandemic and associated rise in service needs. This highlights the critical need for swift action in enacting the updated rates to ensure fair compensation for these essential services. The \$12.9 million to augment rates would rectify the missing payments and allow providers to maintain their capacity while waiting for the new rate methodologies.