



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health

FINANCE AND MANAGEMENT SERVICES
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April 5, 2024

The Honorable David Wilson
Senate Health Finance Subcommittee Chair
Alaska State Legislature
State Capitol, Room 121
Juneau, AK 99801

Dear Senator Wilson:

The Department of Health received the following questions from you on April 2, 2024:

In the previous response regarding Residential Care for Children and Youth (RCCY) and the 1115 Medicaid Waiver [Log 12111], I am struggling to see a clear answer to the question “Is this a concern to the department?” and “What is the department doing to assist in this issue?”

Could you provide more specificity on that?

The Division of Behavioral Health (DBH) is concerned and understands that there are challenges in the behavioral health continuum of care across the state and that children’s residential programs are experiencing challenges for several reasons that include shortage in workforce (which contributes to limiting the capacity in residential programs), inflation and the rising costs associated with operating programs, and loss of revenue. DBH is addressing this concern with the following actions:

- Continuation of Residential Care for Children and Youth Grant Program funding at the same level of funding since 2016 and making efforts to seek federal funding to increase funding opportunities for these grant awards.
- Continuation of the Residential Care for Children and Youth Training grant that provides training for residential programs. There are certain requirements for licensure and operation of these programs that require staff to have trainings such as in first aid and de-escalation techniques. The division grants this funding so that residential programs do not have to pay for these required trainings.
- The division applied for and received Substance Abuse and Mental Health Services Administration’s Children’s Mental Health Initiative grant funding in the amount of \$3,000,000 a year for three years, of which \$2,000,000 will go out to community providers for services for children. In April 2024, the division awarded eight agencies

with a total of \$800,000 to expend for initiation, development, or expansion of Medicaid services for children in FY2024.

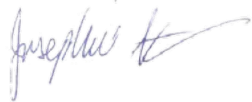
- The division is in the process of planning grant programs for FY2026 and FY2027 and, as part of this process, is referring to the Behavioral Health Roadmap draft report to use this information to inform grant program development.
- An 1115 waiver services increase is being sought, pending appropriation. Children's Residential Treatment and other services tied to children and youth are included in the 1115.

Regarding Division of Behavioral Health autism services, how does the budget amendment by House Finance affect the disparity in reimbursement rates compared to other programs?

The funding for autism services put in by the House Finance Committee will increase autism services rates by 12.76 percent and will fill the gap between autism services and other Medicaid rates for behavioral health service codes that have been adjusted previously. Autism services rates will still receive the annual inflationary rate increase starting July 1, 2024, stemming from the Division of Behavioral Health regulation package effective February 2, 2024. These two rate increases will help close the disparity gap between autism services rates and other Medicaid rates for behavioral health service codes. However, the percentage of annual inflation to take effect on July 1, 2024 is not yet published and therefore the exact amount is unknown.

If you have additional questions, please contact me at 907-465-1630.

Sincerely,



Josephine Stern
Assistant Commissioner

cc: Valerie Rose, Fiscal Analyst, Legislative Finance
Laura Stidolph, Legislative Director, Office of the Governor
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