

# LEGISLATIVE RESEARCH SERVICES

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## Medicaid Expansion and Behavioral Health Grants

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### ***Have the additional funds received by behavioral health providers in Alaska—as a result of Medicaid Expansion—offset the reductions of behavioral health grants from the Department of Health and Social Services (DHSS)?***

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Behavioral health providers in Alaska have received significant revenue as a result of Medicaid Expansion—which the state adopted in September 2015. This expansion revenue, around \$34 million over the last two fiscal years, is a substantially higher amount than the nearly \$9 million reduction in DHSS grants absorbed by behavioral health providers in fiscal years 2016 and 2017.

At this time the department is unable to readily quantify Medicaid Expansion payments to Alaska providers that were affected by grant reductions.<sup>1</sup> We are informed by DHSS' Assistant Commissioner for Finance and Management Services, Shawnda O'Brien, that the department's Medicaid Budget Unit is in the process of developing a reporting tool that will allow for the expeditious disaggregation of such information.<sup>2</sup> She anticipates this tool will be operational by early 2018.

Below are data provided to us by the department regarding grant reductions and additional funds received as a result of Medicaid Expansion, respectively.

- The Division of Behavioral Health Comprehensive Behavioral Health Treatment grant awards were reduced by 9.5 percent, or \$5,779,653, in FY2017, and 4.9 percent, or \$3,000,000, in FY2018.
- In FY2016, as a result of Medicaid Expansion, statewide payments to behavioral health providers were \$8,641,244, while in FY2017, Expansion brought in \$25,173,825 to providers statewide.<sup>3</sup>

We also attach to this report a recent DHSS document addressed to behavioral health treatment and recovery grantees regarding grant reductions and Medicaid Expansion. This July 17, 2017, letter to grantees from the behavioral health director, Randal Burns, provides detail on the issue at hand and includes the following:

Under Medicaid Expansion, some businesses, especially those focusing on adult substance use disorder treatment programs, are better able to take advantage of the benefits of Medicaid Expansion because these programs could not previously bill Medicaid for their adult clients.

However, agencies not significantly benefitting from Medicaid Expansion, such as children's programs, and programs serving the chronically mentally ill adult population, continue to struggle to maximize the new revenue opportunities presented by Medicaid Expansion under the Patient Protection and Affordable Care Act. The Division will be focused on evaluating and assisting this latter group to better optimize access to Medicaid Expansion reimbursement during FY2018.

We hope this is helpful. If you have questions or need additional information, please let us know.

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<sup>1</sup> It is important to note that not all behavioral health providers receive DHSS grants.

<sup>2</sup> Ms. O'Brien can be reached at (907) 465-1630.

<sup>3</sup> FY16 figures were less than FY17's for a number of reasons including: Alaska did not adopt Medicaid Expansion until September 2015; providers were still adapting to the system; and figures are based on date of payment—meaning that some of FY17's total is likely from services rendered in FY16. At this time FY17 spending is still being finalized and may change slightly.