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House Finance Committee Members
Emailed at: housefinance@akleg.gov

Re: House Bill 284 / FY18 Supplemental and FY19 Capital Budgets

Esteemed Representatives -

The Alaska Behavioral Health Association (ABHA) is a statewide non-profit representing over 60 mental health and substance abuse treatment providers from the smallest community clinics to the largest healthcare employers in the state. Our membership is diverse – including for-profit and non-profit private corporations, tribal and non-tribal health organizations, and secular and religious-based mental health and substance abuse treatment programs that help Alaskans of all ages. We see our diverse perspective as an incredible strength as we lend support to decisions about how best to fashion a system of care focused on access to quality, cost-effective behavioral health care for all Alaskans.

We appreciate that you have provided an opportunity for public testimony today on House Bill 284. We would like to draw your attention to three opportunities you have in the bill before you.

First, we urge you to **support the \$18 million 4-year Substance Use Disorder (SUD) grant program** that the Governor originally introduced and included in his Public Safety Action Plan. The 4-year grant program was modeled after the successful \$6 million grant program that came out of this committee a couple of years ago. That \$6 million program provided access to withdrawal management services (detox) in Kenai, a sobering center in Fairbanks, and residential treatment services for women with children in the Mat-Su valley. The \$6 million program was based on community support and matching resources, focused on building our state's treatment capacity, and required a plan for ongoing sustainability. Those same principles were applied to the request before you. This approach is a responsible response to the opioid crisis in Alaska and public safety concerns our communities are facing.

There are roughly 500 substance use disorder counselors, program directors, and others at the Sheraton in Anchorage today listening to state and national experts and learning about the best ways to help their fellow Alaskans achieve and maintain recovery from alcohol and drugs. This year's Annual School on Addictions and Behavioral Health conference theme is "Alcohol and Opioid Use Disorders: Advances in Treatment and Recovery." These Alaskans will return to their communities to help their friends, family members, and neighbors. They need you to help support them by providing the resources needed to offer timely access to quality treatment services. The \$18 million 4-year SUD grant request helps provide those resources and that access to care.

The second request we respectfully make is for you to fully fund the Medicaid program. ABHA has written each of you about this problem in the past and we're appreciative of the feedback and guidance we've received from you.

We have shared with you the importance of timely Medicaid reimbursement for services rendered and the incredible financial fragility of the behavioral health service system. We have also shared how important the Medicaid program is in ensuring Alaskans have access to healthcare, as well as how detrimental it is to individuals, families, and communities when care that is needed is not accessible. Finally, we have talked with you over the years about how an investment in behavioral health treatment is just that, an investment. Today, I wanted to bring a different concern to your attention.

The Governor requested a significant sum of money for the FY18 Medicaid budget. Facing budgetary restraints, the request was partially funded with the explanation that cost-saving measures were underway and it was expected that the Department of Health & Social Services would come back with a supplemental request for whatever they needed to bridge the difference between what was budgeted for FY18 and actual program costs. The Department has done an incredible job of employing cost savings and cost avoidance strategies. You have heard them report that we are at FY15 budget levels, but serving many more additional individuals. Despite considerable efforts to bring the Medicaid budget down, the Department did end up asking for a very large supplemental budget request to see the program through to the end of the fiscal year. Facing an immediate budget shortfall that threatened service continuity, the Legislature passed the "Fast Track Supplemental." We appreciated your leadership and responsiveness when we were facing that funding crisis. Once again, it appears we are facing a budget shortfall, a looming deadline, and a crisis. The Department has indicated that the Medicaid program will run out of money sometime in the next week or two.

The FY18 Medicaid budget shortfall that led, in part, to the FY18 supplemental request is creating concern among Medicaid providers about the reliability of the program and State's promise to reimburse services after they have been delivered. It appears we are setting ourselves up for the same problem again next year as the FY19 Medicaid request may not be fully funded either. The potential that Medicaid may not be fully funded is increasing, and alarmingly so. At the same time, the size of the budget shortfall (and thus the potential impact) is also increasing. In the end, this dangerous combination puts Medicaid providers (and the Alaskans they serve) at serious risk. While we are trying to refinance behavioral health providers to the degree possible off of a reliance on state general fund grants so that we can better capture federal matching resources available, behavioral health providers and other healthcare providers are questioning their reliance on the State's Medicaid promise.

ABHA urges you to fully fund the FY18 Medicaid supplemental so that providers have the confidence to continue providing services over the next month and a half. We also highly caution against short-funding Medicaid and relying on last minute supplemental deals to sustain the viability of the program.


The final request we would like you to consider is funding the Disproportionate Share Hospital (DSH) match to pull down additional federal funds. It is no secret that our hospitals are struggling to provide appropriate care for people showing up undiagnosed, untreated, and during a behavioral health crisis. We have talked with you before about the impact of inadequate Medicaid reimbursement rates, as well as continued grant cuts we have sustained over the years, on our community based behavioral health providers. Our community behavioral health treatment system does not have adequate resources to meet the needs of our community members. As a consequence, children are removed from their homes, our court systems and prisons are overcrowded, and people are

bypassing less expensive, local community behavioral health treatment options and going straight to emergency departments for help. Increased volume at the emergency departments has led to issues of workplace violence, longer waits to get help, and patients boarded at the hospitals awaiting treatment. Unfortunately, we are being forced to respond to the symptoms of a much larger problem. Fortunately, there are resources available to help. The hospitals have demonstrated leadership and a sincere interest in addressing the issues that are presenting. The federal Disproportionate Share Hospital program offers resources that Alaskans have not fully utilized, and leadership at the federal level and here in Alaska has provided unexpected resources to the State from cost savings through the Alaska Comprehensive Health Insurance (ACHI) fund. The budget proposal is time-limited, responsive to the needs we are seeing, would be matched by additional \$10.5 million in federal funding, and would help provide critical resources to our hospitals to better serve individuals presenting in behavioral health crisis. Whether it is funded in the operating budget or in the capital budget, **the \$10.5 million budget request is critical and we urge you to support it.**

The Alaska Behavioral Health Association respectfully requests that you fully support the \$18 million 4-year SUD grant program, fully fund the Medicaid supplemental, and help make additional resources available to hospital to help Alaskans in crisis by supporting the Disproportionate Share Hospital funding request.

We sincerely appreciate your service to Alaskans and appreciate this opportunity to provide some perspective to the decisions you have before you.

Thank you,



Tom Chard

Alaska Behavioral Health Association (ABHA)