

Senate Health and Social Services Finance Subcommittee

Department of Health and Social Services
February 20, 2020



To promote and protect the health and well-being of Alaskans.

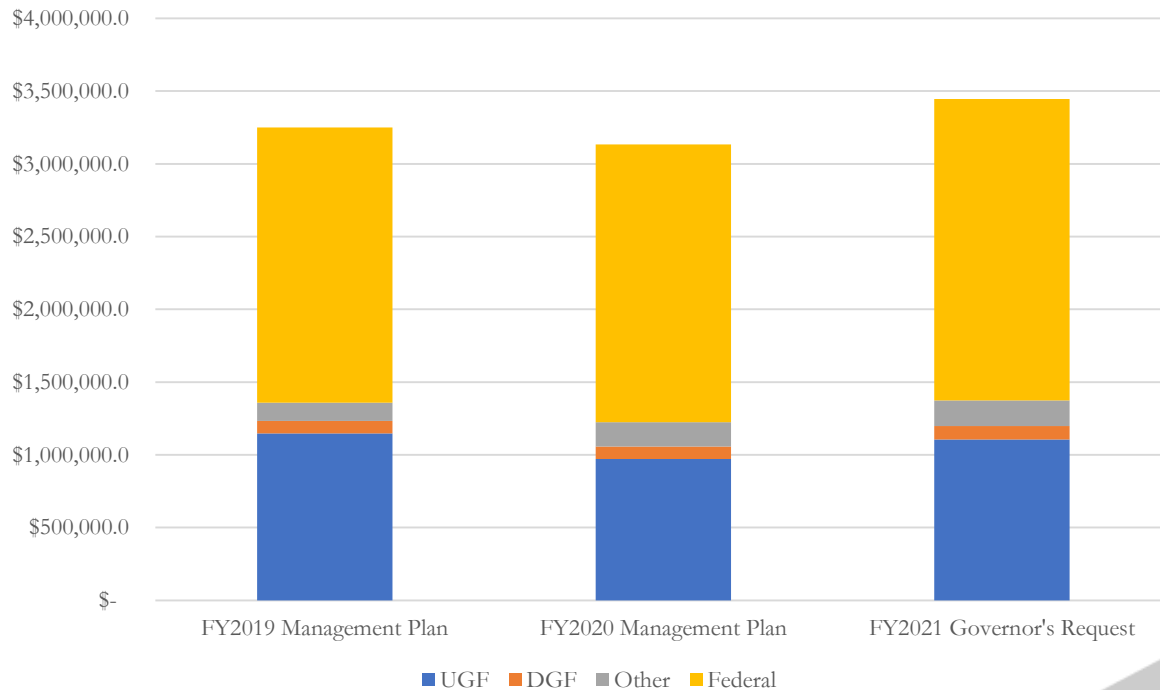
Presented by: Adam Crum, Commissioner

Sana Efird, Assistant Commissioner

Department of Health and Social Services

FY2021 Operating Budget Comparison (in thousands)

	FY2019 Management Plan	FY2020 Management Plan	FY2021 Governor's Request	Difference FY19 and FY21	% Difference Between FY19 and FY21
UGF	\$ 1,146,733.1	\$ 971,106.4	\$ 1,104,853.4	\$ (41,879.7)	-3.7%
DGF	\$ 87,213.1	\$ 86,729.9	\$ 93,536.8	\$ 6,323.7	0.0%
Other	\$ 123,855.6	\$ 165,451.7	\$ 174,547.8	\$ 50,692.2	40.9%
Federal	\$ 1,892,149.7	\$ 1,909,849.6	\$ 2,072,259.0	\$ 180,109.3	9.5%
Total	\$ 3,249,951.5	\$ 3,133,137.6	\$ 3,445,197.0	\$ 195,245.5	6.0%



Health and Social Services

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 971,106.4	\$ 1,104,853.4	\$ 133,747.0	13.8%
DGF	\$ 86,729.9	\$ 93,536.8	\$ 6,806.9	7.8%
Other	\$ 165,451.7	\$ 174,547.8	\$ 9,096.1	5.5%
Federal	\$ 1,909,849.6	\$ 2,072,259.0	\$ 162,409.4	8.5%
Total	\$ 3,133,137.6	\$ 3,445,197.0	\$ 312,059.4	10.0%



Department of Health and Social Services
 FY2021 Fund Source Breakdown by Fund Category (in thousands)

Agency Operating	UGF	DGF	GF Sub Total	Other	Fed	Total	PFT
Formula	\$ 817,475.2	\$ 7,002.3	\$ 824,477.5	\$ 48,393.2	\$ 1,832,451.6	\$ 2,705,322.3	31
Non-Formula	\$ 287,378.2	\$86,534.5	\$ 373,912.7	\$ 126,154.6	\$ 239,807.4	\$ 739,874.7	3,378
*Duplicate				\$ (131,523.0)		\$ (131,523.0)	
Non-Duplicate Total	\$ 1,104,853.4	\$93,536.8	\$ 1,198,390.2	\$ 43,024.8	\$2,072,259.0	\$ 3,313,674.0	

UGF	1003 General Fund Match	\$746,076.2
	1004 General Fund	\$224,004.2
	1037 General Fund Mental Health	\$134,773.0
DGF	1005 General Fund Program Receipts	\$42,266.7
	1168 Tobacco Fund	\$9,092.7
	1180 Alcohol Fund	\$20,624.5
	1246 Recidivism Reduction Fund	\$7,429.4
	1247 Medicaid Recoveries	\$219.8
	1254 Marijuana Education Treatment	\$13,903.7
Other	1007 Inter-Agency Receipts (Duplicate)	\$110,733.1
	1050 PFD Fund (Duplicate)	\$17,724.7
	1061 Capital Improvement Project Receipts (Duplicate)	\$2,920.4
	1092 Mental Health Trust Authority	\$2,636.4
	1108 Statutory Designated Program Receipts	\$40,388.4
Fed	1171 Restorative Justice (Duplicate)	\$144.8
	1013 Alcoholism and Drug Abuse Revolving Loan Fund	\$2.0
	1002 Federal Receipts	\$2,072,257.0



FY2021 DHSS Proposed Operating Budget Changes

Component	Title/Description	Trans Type	\$ (Thousands)	Funding
1. Alaska Pioneer Homes Payment Assistance	Add Authority for Alaska Pioneer Homes Payment Assistance	Inc	5,000.0	UGF
2. Pioneer Homes	Reduce Authority to Align with Anticipated Revenue and Expenditures	Dec	(2,592.2) (6,300.0) (1,107.8)	GF/Prgm I/A Rcpts Stat Desig
3. Alaska Psychiatric Institute	Add Authority to Achieve Full Capacity at the Alaska Psychiatric Institute	Cntngt	1,094.2 5,149.0 1,435.0 1,688.2	UGF I/A Rcpts GF/MH Stat Desig
4. Behavioral Health Treatment and Recovery Grants	Fund Source Change (\$11,400.0)	FndChg	(11,400.0)	GF/MH
5. Front Line Social Workers	Add Authority for Staff Retention	Inc	1,500.0	Fed Rcpts
6. Family Preservation	Add Authority for Title IV-E Reimbursement for Legal Representation for Parents	Inc	1,200.0	Fed Rcpts
7. Adult Public Assistance	Restore Adult Public Assistance Payment MOE Methodology	Inc	7,471.2	G/F Match
8. Women, Children and Family Health	Transfer Parents as Teachers Program from the Department of Education and Early Development for Better Alignment	Atrin	474.7	Gen Fund
9. Early Intervention/Infant Learning Programs	Add Authority for Children and Families Preschool Development Grant (Grant was not awarded to division and authority will be adjusted.)	Inc	7,000.0	Fed Rcpts
10. Senior and Disabilities Services Administration	Add Authority for Electronic Visit Verification System Maintenance and Operation	Inc	412.5 137.5	Fed Rcpts G/F Match
11. Commissioner's Office	Add Four Positions to the Commissioner's Office for Reorganization	Inc	253.2 379.7	Fed Rcpts Gen Fund
12. Medicaid Services	Add Authority for Medicaid Services	Inc	143,400.0 120,000.0	Fed Rcpts G/F Match
5 13. Adult Preventative Dental Medicaid Services	Restore Adult Preventative Dental Program	Inc	8,273.6	G/F Match

Health and Social Services

Alaska Pioneer Homes

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 27,340.3	\$ 32,351.9	\$ 5,011.6	18.3%
DGF	\$ 30,139.2	\$ 27,907.8	\$ (2,231.4)	-7.4%
Other	\$ 43,832.3	\$ 36,647.8	\$ (7,184.5)	-16.4%
Federal	\$ 1,577.8	\$ 1,594.2	\$ 16.4	1.0%
Total	\$ 102,889.6	\$ 98,501.7	\$ (4,387.9)	-4.3%

- Add Authority for Alaska Pioneer Homes Payment Assistance \$5,000.0 UGF.
- Reduce Authority to Align with Anticipated Revenue and Expenditures. (\$2,592.2) DGF, (\$7,407.8) Other.



Health and Social Services

Alaska Psychiatric Institute

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 12,326.4	\$ 14,927.6	\$ 2,601.2	21.1%
DGF	\$ -	\$ -	\$ -	0.0%
Other	\$ 33,966.5	\$ 40,449.0	\$ 6,482.5	19.1%
Federal	\$ -	\$ -	\$ -	0.0%
Total	\$ 46,292.9	\$ 55,376.6	\$ 9,083.7	19.6%

- Add Authority to Achieve Full Capacity at the Alaska Psychiatric Institute. \$2,529.2 UGF, \$6,837.2 Other.



Health and Social Services

Division of Behavioral Health

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 39,179.1	\$ 27,412.2	\$ (11,766.9)	-30.0%
DGF	\$ 29,111.0	\$ 38,281.4	\$ 9,170.4	31.5%
Other	\$ 5,293.4	\$ 5,219.0	\$ (74.4)	-1.4%
Federal	\$ 20,405.9	\$ 20,434.9	\$ 29.0	0.1%
Total	\$ 93,989.4	\$ 91,347.5	\$ (2,641.9)	-2.8%

- In FY2021 a Fund Change from UGF (\$11,400.0) to MET Fund (DGF) \$11,400.0.



Health and Social Services

Office of Children's Services

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 91,824.6	\$ 92,275.3	\$ 450.7	0.5%
DGF	\$ 5,673.3	\$ 5,600.0	\$ (73.3)	-1.3%
Other	\$ 8,123.7	\$ 8,128.0	\$ 4.3	0.1%
Federal	\$ 63,631.6	\$ 66,602.3	\$ 2,970.7	4.7%
Total	\$ 169,253.2	\$ 172,605.6	\$ 3,352.4	2.0%

- Staff Retention and Wellness Initiatives \$1,500.0 Federal.
- Title IV-E Reimbursement for Legal Representation for Parents \$1,200.0 Federal.



Health and Social Services

Health Care Services

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 8,406.0	\$ 7,871.3	\$ (534.7)	-6.4%
DGF	\$ 2,093.2	\$ 1,959.1	\$ (134.1)	-6.4%
Other	\$ 925.5	\$ 642.3	\$ (283.2)	-30.6%
Federal	\$ 10,424.7	\$ 9,676.3	\$ (748.4)	-7.2%
Total	\$ 21,849.4	\$ 20,149.0	\$ (1,700.4)	-7.8%

- Transfer Office of Rate Review to Commissioner's Office



Health and Social Services

Division of Juvenile Justice

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 55,818.5	\$ 56,405.8	\$ 587.3	1.1%
Other	\$ 1,396.7	\$ 1,318.1	\$ (78.6)	-5.6%
Federal	\$ 1,529.9	\$ 1,531.8	\$ 1.9	0.1%
Total	\$ 58,745.1	\$ 59,255.7	\$ 510.6	0.9%



Health and Social Services

Division of Public Assistance

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 122,442.7	\$ 130,207.0	\$ 7,764.3	6.3%
DGF	\$ 818.0	\$ 818.0	\$ -	0.0%
Other	\$ 30,668.2	\$ 30,679.4	\$ 11.2	0.0%
Federal	\$ 134,959.0	\$ 135,323.3	\$ 364.3	0.3%
Total	\$ 288,887.9	\$ 297,027.7	\$ 8,139.8	2.8%

- Restore Adult Public Assistance Maintenance of Effort Methodology \$7,471.2 UGF.



Health and Social Services

Division of Public Health

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 42,231.0	\$ 42,623.9	\$ 392.9	0.9%
DGF	\$ 17,992.9	\$ 18,025.8	\$ 32.9	0.2%
Other	\$ 8,960.2	\$ 10,324.6	\$ 1,364.4	15.2%
Federal	\$ 47,565.8	\$ 47,775.4	\$ 209.6	0.4%
Total	\$ 116,749.9	\$ 118,749.7	\$ 1,999.8	1.7%

- SB93 Increase SDPR for SHARP III
- Transfer Parents as Teachers Program from the Department of Education and Early Development for Better Alignment \$474.7 UGF.



Health and Social Services

Senior and Disabilities Services

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 36,877.8	\$ 37,109.1	\$ 231.3	0.6%
DGF	\$ -	\$ -	\$ -	0.0%
Other	\$ 3,096.4	\$ 3,080.1	\$ (16.3)	-0.5%
Federal	\$ 21,860.5	\$ 29,380.1	\$ 7,519.6	34.4%
Total	\$ 61,834.7	\$ 69,569.3	\$ 7,734.6	12.5%

- Children and Families Preschool Development Grant (Grant was not awarded to division and authority will be adjusted.) \$7,000.0 Federal.
- Electronic Visit Verification System Maintenance and Operation \$412.5 Federal and \$137.5 UGF.



Health and Social Services

Departmental Support Services

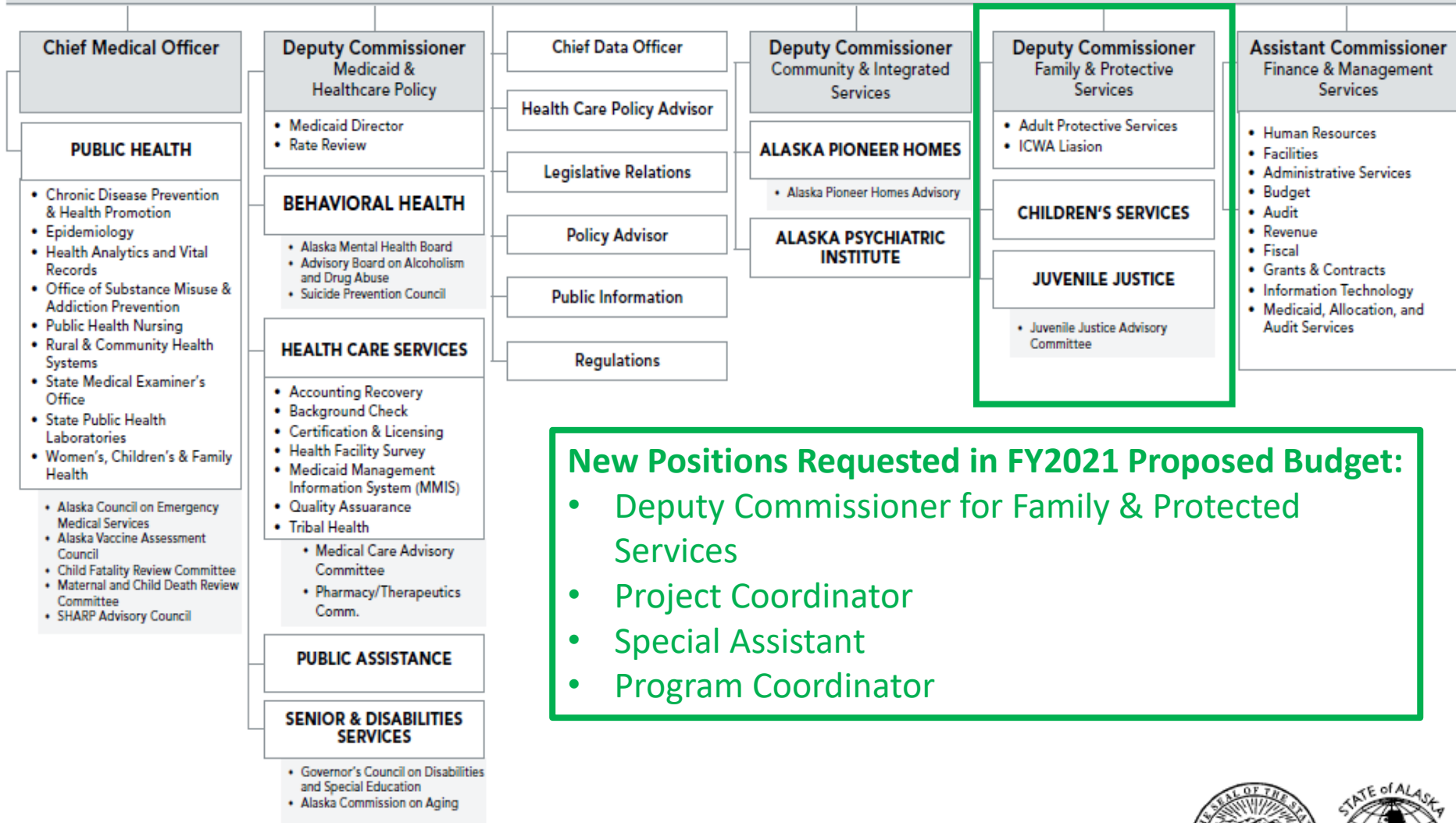
FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 16,080.6	\$ 17,116.3	\$ 1,035.7	6.4%
DGF	\$ -	\$ 42.4	\$ 42.4	100.0%
Other	\$ 16,077.5	\$ 17,345.4	\$ 1,267.9	7.9%
Federal	\$ 11,337.1	\$ 11,754.5	\$ 417.4	3.7%
Total	\$ 43,495.2	\$ 46,258.6	\$ 2,763.4	6.4%

- Add Four Positions to the Commissioner's Office for Reorganization
\$253.2 Federal and \$379.7 UGF.
- Transfer Office of Rate Review from Health Care Services



Alaska Department of Health and Social Services



New Positions Requested in FY2021 Proposed Budget:

- Deputy Commissioner for Family & Protected Services
- Project Coordinator
- Special Assistant
- Program Coordinator

• Boards and Commissions reflected on this organization chart act in an advisory capacity to those divisions they are aligned with.



Health and Social Services

Medicaid Services

FY2020 and FY2021 Operating Budget Comparison (in thousands)

	FY2020 Management Plan	FY2021 Governor's Request	Difference FY2020 and FY2021	% Difference Between FY2020 and FY2021
UGF	\$ 516,330.7	\$ 644,304.3	\$ 127,973.6	24.8%
DGF	\$ 902.3	\$ 902.3	\$ -	0.0%
Other	\$ 13,111.3	\$ 20,714.1	\$ 7,602.8	58.0%
Federal	\$ 1,596,557.3	\$ 1,748,186.2	\$ 151,628.9	9.5%
Total	\$ 2,126,901.6	\$ 2,414,106.9	\$ 287,205.3	13.5%

- Add Authority for Medicaid Services \$143,400.0 Federal and \$120,000.0 UGF.
- Restore Adult Preventative Dental Program \$8,273.6 UGF.



Item	Original FY2020 UGF Savings Estimate	Comments	Adjusted FY2020 UGF Savings
Phase 1 Rate and Payment Adjustments			
1. 5% Provider Rate Reduction	\$ 21,123.9	Due to the Alaska State Hospital and Nursing Home Association (ASHNHA) lawsuit, savings originally anticipated will be offset by the settlement agreement to pay back providers from July 1, 2019 - September 30, 2019 for a reduced savings of approximately \$9.0 million. Also, original reductions proposed for Home and Community Based Waiver/Personal Care providers were not implemented for a reduced savings of approximately \$5.0 million.	\$ 7,123.9
2. Withhold Inflation	\$ 11,093.0	Due to the Alaska State Hospital and Nursing Home Association (ASHNHA) lawsuit, savings originally anticipated will be offset by the settlement agreement to pay back providers from July 1, 2019 - September 30, 2019 for a reduced savings of approximately \$2.5 million.	\$ 8,593.0
3. Hospital DRGs	\$ 4,500.0	Unable to implement this year. Looking to implement in FY2021. DHSS has contracted with Myers & Stauffer to determine how to effectively implement this methodology in Alaska. The contract deliverables are to be completed no later than July 1, 2020. The State of Alaska anticipates implementing this payment methodology by January 1, 2021.	\$ -
4. Long-term Care Rate Reduction	\$ 2,000.0	Applied a 3% rate reduction on long-term care. The Upper Payment Limit (UPL) is a federal limit placed on fee-for-service reimbursement of Medicaid. This limit is the maximum a given state Medicaid program may pay a type of provider for Medicaid services. Alaska's long-term care providers were above the UPL and therefore, DHSS was required to reduce their payments to meet this federal guideline.	\$ 2,000.0
5. Cost-Based End Stage Renal Disease	\$ 1,000.0	This was implemented successfully on March 24, 2019. On target.	\$ 1,000.0
6. Pharmacy Adjustments	\$ 2,100.0	This represents a variety of efforts at cost savings and utilization efficiencies. One of these included provisions in SB44 that allow the state more flexibility and additional negotiating power with pharmaceutical companies. DHSS is on target to achieve the estimated savings.	\$ 2,100.0
Phase 1 Cost Containment on Service Utilization			
7. Limit PT/OT/Speech Therapy	\$ 1,000.0	Regulations are being updated and are required to implement the proposed authorization requirements. Effective date now projected to be July 1, 2020.	\$ -
8. Expand Care Management Program (CMP)	\$ 2,010.0	Not able to expand program as quickly as projected. May see only half of original savings predicted. <ul style="list-style-type: none"> • 320 recipients currently enrolled in the Care Management Program (CMP) as of 12/30/19. • Regulations are out for public comment through February 25th, 2020. 	\$ 1,000.0
18			
9. Implement Nurse Hotline	\$ 500.0	Not Moving Forward in FY2020 - originally tied to Managed Care Organization (MCO).	\$ -

Phase 1 Administrative and Program Changes			
10. Timely Filing Allowance Reduction	\$ 10,000.0	Requires statute change but, as this is a cost deferral, a change will not achieve actual savings.	\$ -
11. Cost of Care Collection	\$ 500.0	On target to implement but with reduced savings. Updating regulations to remove waiver termination language and include "recipients representative" as defined in 7AAC 160.990(b)(70).	\$ 250.0
12. Medicare Part B Premiums Recovery	\$ 1,188.0	Implemented - on target.	\$ 1,188.0
13. Tribal Reclaiming	\$ 20,100.0	On target to realize savings.	\$ 20,100.0
14. Tribal Reclaiming Medicare Part A/B Premiums	\$ 1,955.0	Further research into this measure demonstrated that, since this is not an Indian Health Services (IHS) program, and is not matched with federal funds based on race, this will not result in the savings originally anticipated.	\$ -
15. Transportation Efficiencies	\$ 3,000.0	Contracting with the tribes to manage transportation has already achieved considerable transportation savings in the Medicaid budget. Therefore, DHSS does not anticipate additional savings this fiscal year.	\$ -
16. Electronic Visit Verification	\$ 440.6	Capital project underway; will be implemented FY2021 or FY2022.	\$ -
17. Transition Services to 1915(k)	\$ 123.0	Proposed amendment to regulations, waiver application and the State Plan Amendment are awaiting internal approval prior to being released for public comment.	\$ -
18. Adult Preventative Dental	\$ 8,273.6	After discussions with Centers for Medicare and Medicaid Services (CMS) and gaining an understanding of the challenges and drawbacks of eliminating this service, DHSS decided not to proceed. This was considered an optional service when first introduced in Alaska but is now considered an "essential health benefit" of the Affordable Care Act.	\$ -
Sub Total	\$ 90,907.1		\$ 43,354.9
1115 Services Cost Shift to Medicaid			
19. Transition Behavioral Health Grants to 1115 Waiver Services	\$ 12,000.0	Reduction occurred in Treatment and Recovery Grants Budget not in Medicaid Services.	\$ 12,000.0
Total	\$ 102,907.1		\$ 55,354.9

Efforts Realized in FY2020

- 5% Provider Rate Reduction
- Withhold Inflation
- Long-term Care Rate Reduction
- Cost-Based End Stage Renal Disease
- Pharmacy Adjustments
- Expand Care Management Program (CMP)



Efforts Realized in FY2020 (Continued)

- Cost of Care Collection
- Medicare Part B Premiums Recovery
- Tribal Reclaiming
- Transportation Efficiencies
- Transition Behavioral Health Grants to 1115 Waiver Services



Efforts Continuing in Future Fiscal Years

- Hospital DRGs
- Limit PT/OT/Speech Therapy
- Implement Nurse Hotline
- Electronic Visit Verification
- Transition Services to 1915(k)



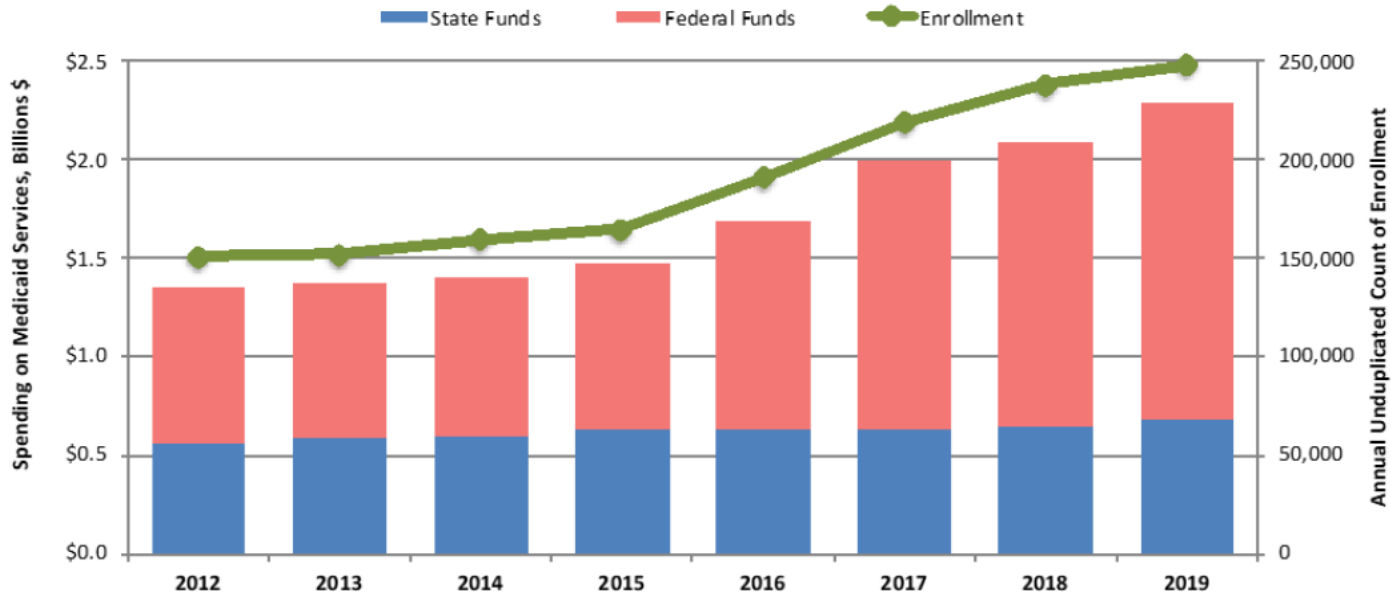
Efforts Not Realized in FY2020

- Timely Filing Allowance Reduction
- Tribal Reclaiming Medicare Part A/B Premiums
- Adult Preventative Dental



Health and Social Services

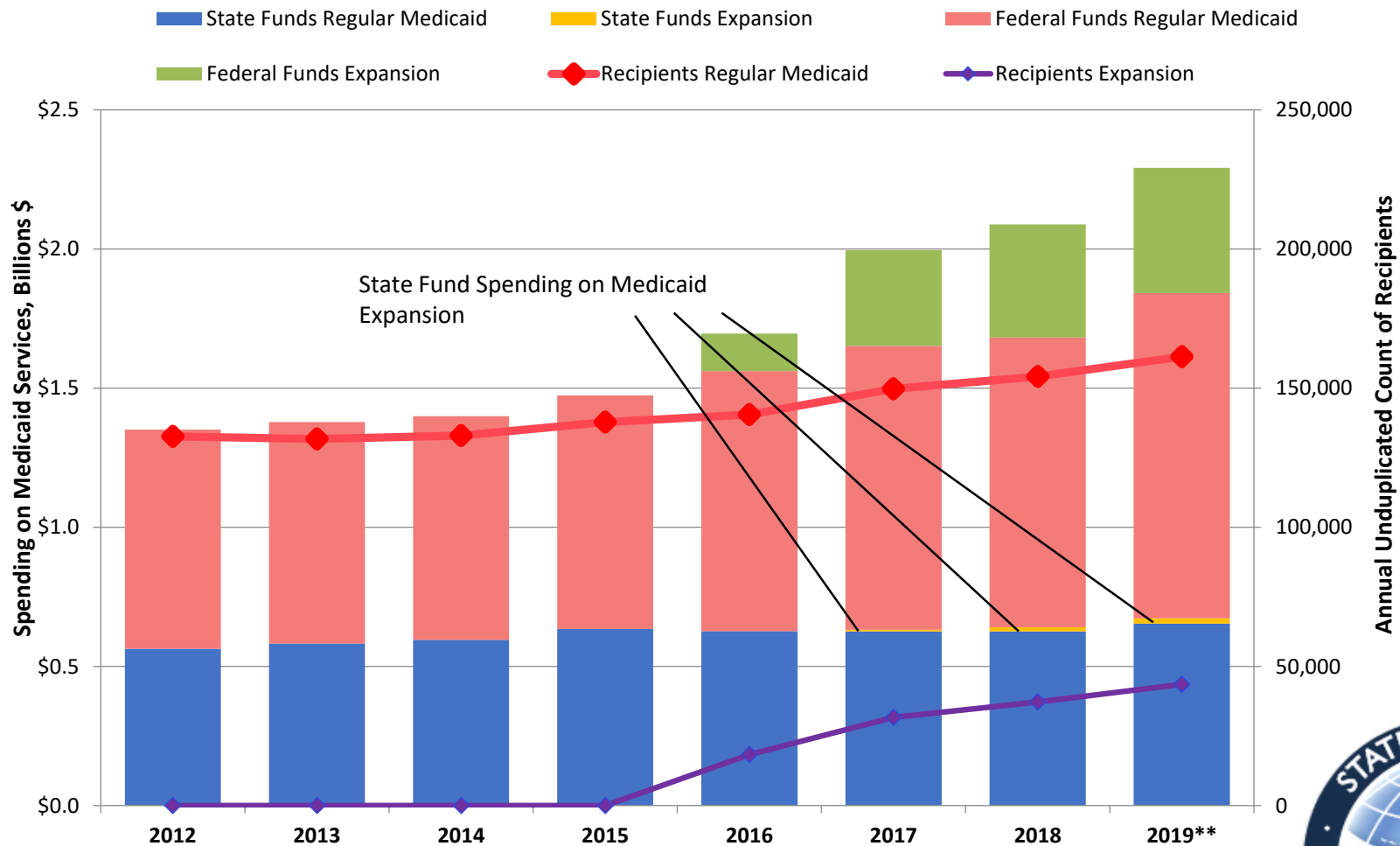
Medicaid Enrollment & Spending in Alaska
2012 – 2019 Date of Service Actuals



¹ Evergreen Economics. (November, 2019). Long Term Forecast of Medicaid Enrollment & Spending in Alaska ("MESA"): FY 2020 – FY 2040.



Health and Social Services



Health and Social Services

DHSS Three-year Vision

DHSS Mission

To promote and protect the health and well-being of Alaskans.

- Systems Alignment and Change
- Focus on IT Systems
- Emergency Readiness and Response
- Behavioral Health Continuum of Care



Questions?

