

26-GH2825\P
Bailey
3/1/10

CS FOR HOUSE BILL NO. 302(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

**"An Act making appropriations for the operating and capital expenses of the state's
integrated comprehensive mental health program; and providing for an effective date."**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 2 of this Act to the agencies named for the purposes expressed for the fiscal year beginning July 1, 2010 and ending June 30, 2011, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

		Appropriation	General	Other
	Allocations	Items	Funds	Funds
	*****	*****		
	***** Department of Administration *****			
	*****	*****		
Legal and Advocacy Services		2,041,600	1,890,300	151,300
Office of Public Advocacy	1,739,200			
Public Defender Agency	302,400			
	*****	*****		
	***** Department of Corrections *****			
	*****	*****		
Inmate Health Care		5,562,400	5,188,400	374,000
Behavioral Health Care	5,562,400			
Offender Habilitation		1,611,500	1,611,500	
It is the intent of the legislature that the Department of Corrections will provide detailed information to the legislature on a quarterly basis regarding the success of the Offender Habilitation programs with a strong focus on performance and outcomes.				
Substance Abuse Treatment	1,611,500			
Program				
	*****	*****		
	***** Department of Education and Early Development *****			
	*****	*****		
Teaching and Learning Support		551,800	339,800	212,000
Student and School	551,800			
Achievement				

1		Appropriation	General	Other
2		Allocations	Items	Funds
3		*****	*****	
4		***** Department of Health and Social Services *****		
5		*****	*****	

6 It is the intent of the legislature that the Department continues to aggressively pursue
7 Medicaid cost containment initiatives. Efforts should continue where the Department
8 believes additional cost containment is possible including further efforts to contain travel
9 expenses. The Department must continue efforts imposing regulations controlling and
10 materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be
11 continued utilizing existing resources to impose regulations screening applicants for
12 Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state
13 services. The department must address the entire matrix of optional Medicaid services,
14 reimbursement rates and eligibility requirements that are the basis of the Medicaid growth
15 algorithm. This work is to utilize the results of the Medicaid Assessment and Planning
16 analysis. The legislature requests that by January 2011 the Department be prepared to present
17 projections of future Medicaid funding requirements under our existing statute and regulations
18 and be prepared to present and evaluate the consequences of viable policy alternatives that
19 could be implemented to lower growth rates and reducing projections of future costs.

20 It is the intent of the legislature that the Department of Health and Social Services eliminate
21 the requirement for narrative and financial quarterly reports for all grant recipients whose
22 grants are \$50,000 or less. This is an unnecessary burden and is not a requirement of the
23 federal grants.

24 It is the intent of the legislature that the Department of Health and Social Services make a
25 single 'upfront' payment for any grant award that is \$50,000 or less and includes a signature of
26 the grantee certifying compliance with the terms of the grant with their approved application.
27 Signature of the grantee would also certify that if a final report certifying completion of the
28 grant requirements is not filed, future grants will not be considered for that grantee until all
29 requirements of prior grants are completed satisfactorily. In the event a grantee is deemed
30 ineligible for a future grant consideration due to improper filing of final reports, the grantee
31 will be informed about the department's procedures for future consideration of grant
32 eligibility. The department will establish procedures to consider retroactivity for specific grant
33 consideration or express that the retroactivity cannot be considered for certain grants during

	Appropriation	General	Other
	Allocations	Items	Funds
the selection process.			
It is the intent of the legislature that the Department of Health and Social Services continue the Medicaid Reform work to improve efficiency and slow the need for General Funds in the Medicaid program. Specifically, but not exclusively, the Department is to:			
1) Complete the evaluation of possible changes to program design, determine waiver changes necessary to secure federal funding and report back to the First Session of the 27th Alaska Legislature on suggested changes, expected outcomes related to Medicaid sustainability, and resources needed to accomplish the work.			
2) Develop and implement public provider reimbursement methodologies and payment rates that will further the goals of Medicaid Reform.			
3) Continue and enhance the State and Tribal Medicaid work and partnership to enhance our ability to provide Medicaid services through Tribal Health Organizations.			
It is the intent of the legislature that the Department of Health and Social Services continue and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid program.			
It is the intent of the legislature that the Department of Health and Social Services continue and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid program.			
Alaska Pioneer Homes	13,763,300	13,763,300	
It is the intent of the legislature that the Department maintain regulations requiring all residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state subsidy being provided for their care from the State Payment Assistance program.			
It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall complete any forms to determine eligibility for supplemental program funding, such as Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant is not able to complete the forms him/herself, or if relatives or guardians of the applicant are not able to complete the forms, Department of Health and Social Services staff may complete the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility per AS 47.25.120.			
Alaska Pioneer Homes	64,300		
Management			

		Appropriation	General	Other
		Allocations	Funds	Funds
1				
2				
3	Pioneer Homes	13,699,000		
4	Behavioral Health	132,576,400	128,374,100	4,202,300
5	AK Fetal Alcohol Syndrome	288,100		
6	Program			
7	Alcohol Safety Action	1,188,300		
8	Program (ASAP)			
9	Behavioral Health Medicaid	53,166,500		
10	Services			
11	Behavioral Health Grants	27,125,600		
12	It is the intent of the legislature that the department continue developing policies and			
13	procedures surrounding the awarding of recurring grants to assure that applicants are regularly			
14	evaluated on their performance in achieving outcomes consistent with the expectations and			
15	missions of the Department related to their specific grant. The recipient's specific			
16	performance should be measured and incorporated into the decision whether to continue			
17	awarding grants. Performance measurement should be standardized, accurate, objective and			
18	fair, recognizing and compensating for differences among grant recipients including acuity of			
19	services provided, client base, geographic location and other factors necessary and appropriate			
20	to reconcile and compare grant recipient performances across the array of providers and			
21	services involved.			
22	Behavioral Health	3,939,100		
23	Administration			
24	Community Action	1,547,200		
25	Prevention & Intervention			
26	Grants			
27	Rural Services and Suicide	2,135,700		
28	Prevention			
29	Psychiatric Emergency	6,687,600		
30	Services			
31	Services to the Seriously	13,524,200		
32	Mentally Ill			
33	Designated Evaluation and	3,867,300		

		Appropriation	General	Other
		Allocations	Funds	Funds
1				
2				
3	Treatment			
4	Services for Severely	12,247,200		
5	Emotionally Disturbed			
6	Youth			
7	Alaska Psychiatric	5,854,200		
8	Institute			
9	Alaska Mental Health Board	922,600		
10	and Advisory Board on			
11	Alcohol and Drug Abuse			
12	Suicide Prevention Council	82,800		
13	Children's Services		13,589,700	13,059,700
14	Children's Medicaid	2,903,800		530,000
15	Services			
16	Children's Services	69,600		
17	Management			
18	Front Line Social Workers	148,600		
19	Family Preservation	425,000		
20	Foster Care Augmented Rate	500,000		
21	Foster Care Special Need	747,900		
22	Residential Child Care	3,238,100		
23	Infant Learning Program	5,556,700		
24	Grants			
25	Health Care Services		817,000	350,000
26	Health Planning and	817,000		467,000
27	Infrastructure			
28	Juvenile Justice		1,055,100	865,900
29	McLaughlin Youth Center	654,700		189,200
30	Fairbanks Youth Facility	103,700		
31	Bethel Youth Facility	57,100		
32	Probation Services	239,600		
33	Public Assistance		13,200	

		Appropriation	General	Other
		Allocations	Items	Funds
1				
2				
3	Public Assistance	13,200		
4	Administration			
5	Public Health		1,047,900	972,900
6	Nursing	98,300		75,000
7	Women, Children and Family	828,800		
8	Health			
9	Certification and Licensing	120,800		
10	Senior and Disabilities		15,272,400	14,104,200
11	Services			1,168,200
12	General Relief/Temporary	740,300		
13	Assisted Living			
14	It is the intent of the legislature that regulations related to the General Relief / Temporary			
15	Assisted Living program be reviewed and revised as needed to minimize the length of time			
16	that the state provides housing alternatives and assure the services are provided only to			
17	intended beneficiaries who are actually experiencing harm, abuse or neglect. The department			
18	should educate care coordinators and direct service providers about who should be referred			
19	and when they are correctly referred to the program in order that referring agents correctly			
20	match consumer needs with the program services intended by the department.			
21	Senior and Disabilities	2,942,400		
22	Services Administration			
23	Senior Community Based	2,809,100		
24	Grants			
25	It is the intent of the legislature that funding in the FY 2011 budget for Senior Community			
26	Based Grants be used to invest in successful home and community based supports provided			
27	by grantees who have demonstrated successful outcomes documented in accordance with the			
28	department's performance based evaluation procedures.			
29	Community Developmental	7,924,800		
30	Disabilities Grants			
31	Commission on Aging	117,400		
32	Governor's Council on	738,400		
33	Disabilities and Special			

	Appropriation	General	Other
	Allocations	Funds	Funds
Education			
Departmental Support	1,463,800	1,403,800	60,000
Services			
Commissioner's Office	167,800		
<p>It is the intent of the legislature that the Department of Health and Social Services complete the following tasks related to fiscal audits required in chapter 66, SLA 2003 of all Medicaid providers:</p> <p>1. Develop regulations addressing the use of extrapolation methodology following an audit of Medicaid providers that clearly defines the difference between actual overpayment of funds to a provider and ministerial omission or clerical billing error that does not result in overpayment to the provider. The extrapolation methodology will also define percentage of 'safe harbor' overpayment rates for which extrapolation methodology will be applied.</p> <p>2. Develop training standards and definitions regarding ministerial and billing errors versus overpayments. Include the use of those standards and definitions in the State's audit contracts. All audits initiated after the effective date of this intent and resulting in findings of overpayment will be calculated under the Department's new regulations governing overpayment standards and extrapolation methodology.</p> <p>It is the intent of the legislature that the department develops a ten year funding source and use of funds projection for the entire department.</p> <p>It is the intent of the legislature that the department continue working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2010.</p>			
Administrative Support	91,400		
Services			
Information Technology	854,600		
Services			
HSS State Facilities Rent	350,000		
	*****	*****	
	***** Department of Law *****		
	*****	*****	

		Appropriation	General	Other
		Allocations	Funds	Funds
1				
2				
3	Civil Division		86,000	
4	Human Services	86,000		
5	*****		*****	
6	***** Department of Natural Resources *****			
7	*****		*****	
8	Resource Development	2,360,000		2,360,000
9	Mental Health Trust Lands	2,360,000		
10	Administration			
11	*****		*****	
12	***** Department of Revenue *****			
13	*****		*****	
14	Alaska Mental Health Trust	2,758,300		2,758,300
15	Authority			
16	Mental Health Trust	2,758,300		
17	Operations			
18	*****		*****	
19	***** University of Alaska *****			
20	*****		*****	
21	University of Alaska	2,299,000	605,800	1,693,200
22	It is the intent of the legislature that future requests by the University of Alaska for			
23	Unrestricted General Funds move toward a long-term goal of 125% of Actual University			
24	Receipts for the most recently closed fiscal year.			
25	Statewide Services	817,700		
26	Anchorage Campus	1,393,800		
27	Fairbanks Campus	87,500		
28	*****		*****	
29	***** Alaska Court System *****			
30	*****		*****	
31	Alaska Court System	1,800,900	845,600	955,300
32	Trial Courts	227,000		
33	Therapeutic Courts	1,573,900		

1		Appropriation	General	Other
2		Allocations	Items	Funds
3		(SECTION 2 OF THIS ACT BEGINS ON THE NEXT PAGE)		

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
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Department of Administration

1037 General Fund / Mental Health	1,890,300
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1092 Mental Health Trust Authority Authorized	151,300
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Receipts

*** Total Agency Funding ***	\$2,041,600
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Department of Corrections

1037 General Fund / Mental Health	6,799,900
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1092 Mental Health Trust Authority Authorized	374,000
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Receipts

*** Total Agency Funding ***	\$7,173,900
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Department of Education and Early Development

1037 General Fund / Mental Health	339,800
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1092 Mental Health Trust Authority Authorized	212,000
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Receipts

*** Total Agency Funding ***	\$551,800
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Department of Health and Social Services

1037 General Fund / Mental Health	152,987,200
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1092 Mental Health Trust Authority Authorized	6,691,700
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Receipts

1180 Alcohol and Other Drug Abuse Treatment &	19,919,900
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Prevention Fund

*** Total Agency Funding ***	\$179,598,800
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Department of Law

1037 General Fund / Mental Health	86,000
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*** Total Agency Funding ***	\$86,000
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Department of Natural Resources

1092 Mental Health Trust Authority Authorized	2,360,000
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Receipts

1	*** Total Agency Funding ***	\$2,360,000
2	Department of Revenue	
3	1094 Mental Health Trust Administration	2,758,300
4	*** Total Agency Funding ***	\$2,758,300
5	University of Alaska	
6	1037 General Fund / Mental Health	605,800
7	1092 Mental Health Trust Authority Authorized	1,693,200
8	Receipts	
9	*** Total Agency Funding ***	\$2,299,000
10	Alaska Court System	
11	1037 General Fund / Mental Health	845,600
12	1092 Mental Health Trust Authority Authorized	955,300
13	Receipts	
14	*** Total Agency Funding ***	\$1,800,900
15	* * * * * Total Budget * * * * *	\$198,670,300
16	(SECTION 3 OF THIS ACT BEGINS ON THE NEXT PAGE)	

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
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Unrestricted General Funds

1037 General Fund / Mental Health	163,554,600
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Total Unrestricted General Funds	\$163,554,600
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Designated General Funds

1180 Alcohol and Other Drug Abuse Treatment & Prevention Fund	19,919,900
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Total Designated General Funds	\$19,919,900
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Other Non-Duplicated Funds

1092 Mental Health Trust Authority Authorized Receipts	12,437,500
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1094 Mental Health Trust Administration	2,758,300
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Total Other Non-Duplicated Funds	\$15,195,800
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Federal Funds

Total Federal Funds	\$0
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Duplicated Funds

Total Duplicated Funds	\$0
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(SECTION 4 OF THIS ACT BEGINS ON THE NEXT PAGE)

* **Sec. 4.** The following appropriations are for capital projects and grants from the general fund or other funds as set out in section 5 of this Act by funding source to the agencies named for the purposes expressed. They lapse under AS 37.25.020, unless otherwise noted.

	Appropriation	General	Other
	Allocations	Funds	Funds
	*****	*****	
	***** Department of Health and Social Services *****		
	*****	*****	
MH Housing - Home	1,050,000	750,000	300,000
Modification and Upgrades			
to Retain Housing (HD			
1-40)			
MH Housing -	500,000	500,000	
Pre-development, Anchorage			
Assets Building (HD 1-40)			
	*****	*****	
	***** Department of Natural Resources *****		
	*****	*****	
Mental Health Trust	350,000		350,000
Facilities Maintenance (HD			
1-40)			
	*****	*****	
	***** Department of Revenue *****		
	*****	*****	
Alaska Housing Finance			
Corporation			
AHFC Beneficiary and	1,750,000	1,750,000	
Special Needs Housing (HD			
1-40)			
MH AHFC Homeless	10,000,000	6,850,000	3,150,000
Assistance Program (HD			

		Appropriation	General	Other
		Allocations	Funds	Funds
1-40)				
	*****		*****	
	***** Department of Transportation/Public Facilities *****			
	*****		*****	
MH Coordinated		1,050,000	800,000	250,000
Transportation and Vehicles				
(HD 1-40)				
(SECTION 5 OF THIS ACT BEGINS ON THE NEXT PAGE)				

* **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
Department of Health and Social Services	
1037 General Fund / Mental Health	1,000,000
1092 Mental Health Trust Authority Authorized Receipts	300,000
1139 Alaska Housing Finance Corporation Dividend	250,000
*** Total Agency Funding ***	\$1,550,000
Department of Natural Resources	
1092 Mental Health Trust Authority Authorized Receipts	350,000
*** Total Agency Funding ***	\$350,000
Department of Revenue	
1002 Federal Receipts	2,000,000
1037 General Fund / Mental Health	500,000
1092 Mental Health Trust Authority Authorized Receipts	1,150,000
1139 Alaska Housing Finance Corporation Dividend	5,100,000
1140 Alaska Industrial Development and Export Authority Dividend	3,000,000
*** Total Agency Funding ***	\$11,750,000
Department of Transportation/Public Facilities	
1037 General Fund / Mental Health	800,000
1092 Mental Health Trust Authority Authorized Receipts	250,000
*** Total Agency Funding ***	\$1,050,000
* * * * * Total Budget * * * * *	\$14,700,000

(SECTION 6 OF THIS ACT BEGINS ON THE NEXT PAGE)

1 * **Sec. 6. PURPOSE.** In accordance with AS 37.14.003 and 37.14.005, the appropriations
2 made by this Act are for the state's integrated comprehensive mental health program.

3 * **Sec. 7. NONGENERAL FUND RECEIPTS.** (a) Alaska Mental Health Trust Authority
4 authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the
5 amounts appropriated by this Act are appropriated conditioned upon compliance with the
6 program review provisions of AS 37.07.080(h).

7 (b) If Alaska Mental Health Trust Authority authorized receipts (AS 37.14.036) or
8 administration receipts (AS 37.14.036) fall short of the estimates appropriated in this Act, the
9 affected appropriation is reduced by the amount of the shortfall in receipts.

10 * **Sec. 8. SALARY AND BENEFIT ADJUSTMENTS.** (a) The appropriations made in sec.
11 1 of this Act include amounts for salary and benefit adjustments for public officials, officers,
12 and employees of the executive branch, Alaska Court System employees, employees of the
13 legislature, and legislators and to implement the terms for the fiscal year ending June 30,
14 2011, of the following collective bargaining agreements:

15 (1) Marine Engineers' Beneficial Association, representing licensed engineers
16 employed by the Alaska marine highway system;

17 (2) Inlandboatmen's Union of the Pacific, representing the unlicensed marine
18 unit;

19 (3) International Organization of Masters, Mates, and Pilots, for the masters,
20 mates, and pilots unit;

21 (4) Public Safety Employees Association, representing regularly
22 commissioned public safety officers;

23 (5) Alaska Vocational Technical Center Teachers' Association - National
24 Education Association, representing employees of the Alaska Vocational Technical Center.

25 (b) The operating budget appropriations made to the University of Alaska in sec. 1 of
26 this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30,
27 2011, for university employees who are not members of a collective bargaining unit and for
28 implementing the monetary terms of the collective bargaining agreements including the terms
29 of the agreement providing for the health benefit plan for university employees represented by
30 the following entities:

31 (1) Alaska Higher Education Crafts and Trades Employees;

- 1 (2) University of Alaska Federation of Teachers;
2 (3) United Academics;
3 (4) United Academics-Adjuncts.

4 (c) If a collective bargaining agreement listed in (a) or (b) of this section is not ratified
5 by the membership of the respective collective bargaining unit, the appropriations made by
6 this Act that are applicable to that collective bargaining unit's agreement are reduced
7 proportionately by the amount for that collective bargaining agreement, and the corresponding
8 funding source amounts are reduced accordingly.

9 (d) Appropriations made in sec. 1 of this Act for salary and benefit adjustments as
10 described in (a) and (b) of this section are for the benefit of the state's integrated
11 comprehensive mental health program only and do not necessarily affect every group of
12 noncovered employees or every collective bargaining unit listed in (a) and (b) of this section.

13 * **Sec. 9.** This Act takes effect July 1, 2010.