

ALASKA STATE SENATE

SENATOR PETER A. MICCICHE

SENATE FINANCE SUBCOMMITTEE CHAIR

Alaska State Capitol
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Senate Finance / Health & Social Services Subcommittee

Subcommittee Members: Senators Coghill, Giessel, Kelly, Olson

NARRATIVE CLOSE-OUT REPORT

March 4, 2016

RECOMMENDATIONS

The Senate Finance Budget Subcommittee for the Department Health & Social Services submits a recommended operating budget for FY 2017 to the Senate Finance Committee as follows:

Unrestricted General Funds (UGF)	\$1,060,080.7
Designated General Funds (DGF)	106,331.8
Other Funds	100,296.4
Federal Funds	<u>1,418,123.7</u>
Total	\$2,684,832.6

BUDGET ACTION

The Senate Finance Budget Subcommittee for the Department of Health & Social Services held 5 meetings with the Department and analyzed the Governor's Amended Budget and the recommendations of the House Finance Subcommittee for the Department of Health & Social Services.

The Subcommittee recommends the following budget actions:

- Accept all Governor's Amended Budget Requests with one exception:
 - Deny the (\$1,700) UGF reduction to General Relief Assistance for Burial Assistance.
- Accept all House Finance DHSS Budget Subcommittee recommendations with the following exceptions:
 - Restore (\$1,500) UGF to Behavioral Health Treatment & Recovery Grants.
 - Replace Nome Youth Facility closure with an Unallocated reduction of (\$1,693.9) UGF for closure of an unspecified Juvenile Justice Facility.
 - Adjust UGF reduction to Senior Community Based Grants, Community Developmental Disability Grants, and General Relief/Temporary Assistance from 5% to 2.5%.
 - Restore (\$1,100) UGF and reduce (\$1,100) DGF to Public Health Nursing and Laboratories.
- Additional Senate Finance DHSS Budget Subcommittee action highlights:
 - Reduce Alaska Temporary Assistance Program by an additional (\$2,000) UGF by using state funds appropriated to the Power Cost Equalization Program to meet Maintenance of Effort requirements.
 - Replace (\$2,326.5) UGF with Federal Receipts per anticipated saving from implementation of 2015 Performance Review recommendation to improve licensing of foster care facilities.

- Reduce Personal Care Assistant Program by (\$4,500) UGF and (\$4,500) Federal Receipts through regulation changes to minimize fraud, waste, and abuse.
- Reduce General Relief Assistance by (\$2,000) UGF.
- Add \$275.9 G/F Match and \$275.9 Fed Receipts to create a Tribal Federal Liaison Section to implement new CMS policy and realize an additional (\$7,000) in UGF savings in Medicaid Services.
- Reduce agency-wide personal services by (\$1,000) UGF with the intent that reduction be made in exempt, partially-exempt, and supervisory unit PCNs.
- Recommend adding backstop language to ensure that the two lowest income levels of Senior Benefits recipients receive full benefits.

INTENT LANGUAGE / WORDAGE

Youth Facility Closure

It is the intent of the legislature that the unallocated reduction to the Division of Juvenile Justice in the amount of \$1,693,900 result in the closure of one of the six Division youth facilities and that the closure result in the least amount of negative impact to the surrounding community and the efficient delivery of Division services.

Medicaid Inflation Adjustments

No money appropriated in this appropriation may be expended to pay for provider rate increases that are the result of an annual inflation adjustment. For purposes of this section, “annual inflation adjustment” means a revision required by regulation to an existing Medicaid payment rate that results in a new Medicaid payment rate that differs from the existing Medicaid payment rate by a percentage value or overall average net change value that is either listed in regulation or listed in the Consumer Price Index for all Urban Consumers, Global Insight’s Healthcare Cost Review, or the Medicare Economic Index. Annual inflation adjustment does not include a revision required by regulation to a Medicaid payment rate that is the result of the rebasing of the Medicaid payment rate.

ATTACHED REPORTS:

The Senate Finance Budget Subcommittee for the Department Health & Social Services adopts the following attached reports:

- Budget Action Worksheet
- Agency Totals – FY 2017 Operating Budget
- Appropriation/Allocation Summary (All Funds)
- Appropriation/Allocation Summary (GF)
- Transaction Compare (17Adj Base to Senate Sub)
- Transaction Compare (17GovAmd+ and Senate Sub)
- Transaction Compare (House and Senate Sub)
- Wordage

Senator Peter A. Micciche, Chair

Senator John Coghill

Senator Cathy Giessel

Senator Pete Kelly

Senator Donald Olson