



COST OF BEHAVIORAL HEALTHCARE IN ALASKA

Presentation to House State Affairs & House Health and Social Services

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Behavioral Health Providers in Alaska

Public – Alaska Psychiatric Institute (API)

Private, Non-Profit Corporations

- Medicaid providers, grantees, private insurance, self-pay...

Tribal Behavioral Health


Veterans Administration

Federally Qualified Health Centers

Community Health Centers

Hospitals

Private, For-Profit Corporations and Providers

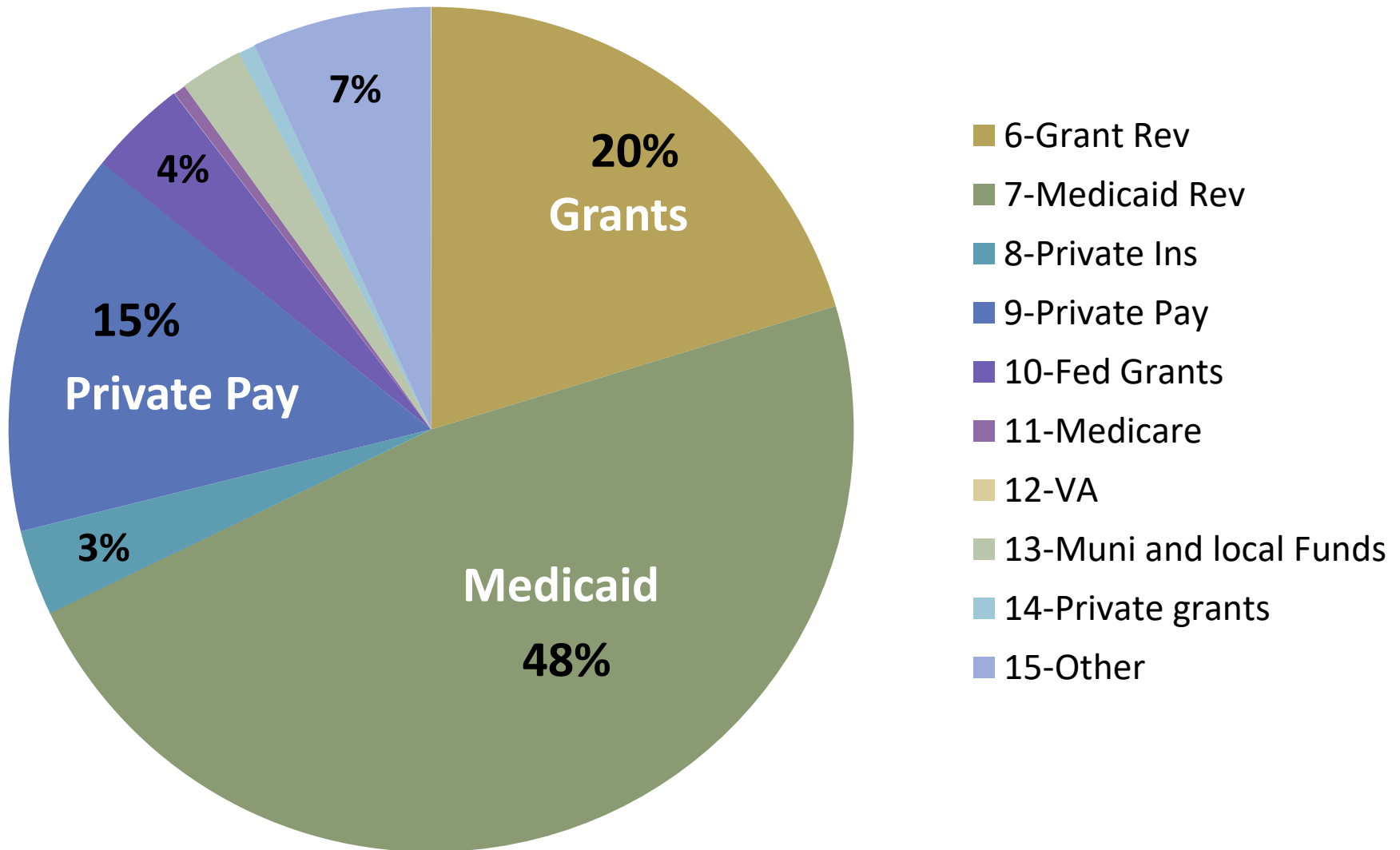


Predominantly
Federally Funded

Other Behavioral Health “Providers” in Alaska

- Prison system
- Classrooms
- Homeless Shelters
- Foster Families
- Law Enforcement
- Employers/Workplace
- Domestic Violence Shelters
- Emergency Departments
- Families at Home

Breakdown of Revenue Sources (2015)



Breakdown of Expenses (2015)



Wages are the #1 expense accounting for nearly **53%** of reported expenditures.

Benefits were the #2 expense at **17%** of reported expenditures.

Together, **wages and benefits** **account for 70%** of reported expenditures.

Inadequate Rates are continuing to take a toll...

20% of the organizations
are operating in the RED

(Cost of providing care exceeds Revenue)

Including that lot, 70% of the providers had
less than \$100,000 of revenue in excess of costs

UPDATED: Feb 21, 2017

The Division of Behavioral Health contracted with Stephenie Coulston to help assess provider readiness for significant system changes. After a comprehensive, independent review of audited financials, 990's and other materials, the consultant found:

“Over 3/4 of the twenty-nine assessed **providers' fiscal health is vulnerable and at risk** financially. Over 1/2 of assessed providers **spent more than they received** in revenue between FY12 and FY15 and **ran operating deficits** in one or more years between FY12 and FY15. 1/3 of assessed providers had **revenue declines** between FY12 and FY15.”

Behavioral Health provider reimbursement needs to be increased:

- ❖ Medicaid Expansion saves the state money (previous UGF is replaced by federal matched Medicaid funding).
- ❖ Medicaid Expansion increased volume of services, but the reimbursement doesn't cover the cost of providing the care – increasing provider's unreimbursed deficit
- ❖ An investment in behavioral health saves money in other areas (federal, state, private sector).

Opportunities to Reduce Costs

Consider Payer, Provider, and Patient Perspectives

- ✓ Reduce Administrative Burden
 - Ex. Streamlining Initiative (2015)
- ✓ Increase Efficiencies
 - Technology (Electronic Health Records, Telemedicine...)
- ✓ Reduce Uncertainty (i.e. radical system changes on short timelines with little to no funding or support, annual funding cycles, etc.)
- ✓ Support Workforce Development Initiatives
- ✓ Examine Appropriate Practitioner Scope of Practice
- ✓ Work to remove Federal IMD Exclusion
- ✓ Examine Health Care Authority's opportunity to include SOA grantees/contractors

Generally, promote effective prevention/early intervention, group/family engagement, holistic healthcare, wellness, and treatment in the least restrictive setting appropriate.

Thank You

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Learn more about the Alaska Behavioral Health Association at:

www.alaskabha.org

*Please feel free to contact the presenter
for additional detail on any of the aspects of this presentation.*