



THE STATE  
of **ALASKA**  
GOVERNOR MICHAEL J. DUNLEAVY

Department of  
**Health and Social Services**

FINANCE AND MANAGEMENT SERVICES  
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March 14, 2019

The Honorable Jennifer Johnston  
Chair, House Finance Committee  
Alaska State Legislature  
State Capitol, Room 501  
Juneau, AK 99801

Re: House Health & Social Services Finance Subcommittee 3/12/2019

Dear Chair Johnston:

On March 12, 2019, the Department of Health and Social Services received the following questions from the House Health & Social Services Finance Subcommittee Division of Public Assistance, Division of Senior & Disabilities Services, and Division of Behavioral Health Overview presentations:

**Rep. Sponholz: Please provide a more detailed table related to the backlog by area.**

Please see attached. The data represents total caseload by census area. Backlog data is not available by census area.

**Rep. Sponholtz: Why is the division paying \$76.00 per month when statutes direct the minimum Senior Benefit payment to be \$125.00 per month?**

AS 47.45.301(c) stipulates that, "Cash assistance provided under this section is subject to appropriation." The appropriation provided by the legislature was only sufficient to fund the \$76.00 level rather than fully funding the program at the full amount.

**Rep. Tarr: What positions will be deleted at the Division of Senior and Disabilities Services?**

The following four positions are being deleted as part of the out-year adjustments related to the SB74 fiscal note

- non permanent, range 18, Anchorage Research Analyst III (06-N17014).
- non permanent, range 19, Juneau Health Program Manager II (06-N17011).

- non permanent, range 19, Anchorage Health Program Manager II (06-N17009).
- non permanent, range 19, Anchorage Health Program Manager II (06-N17008).

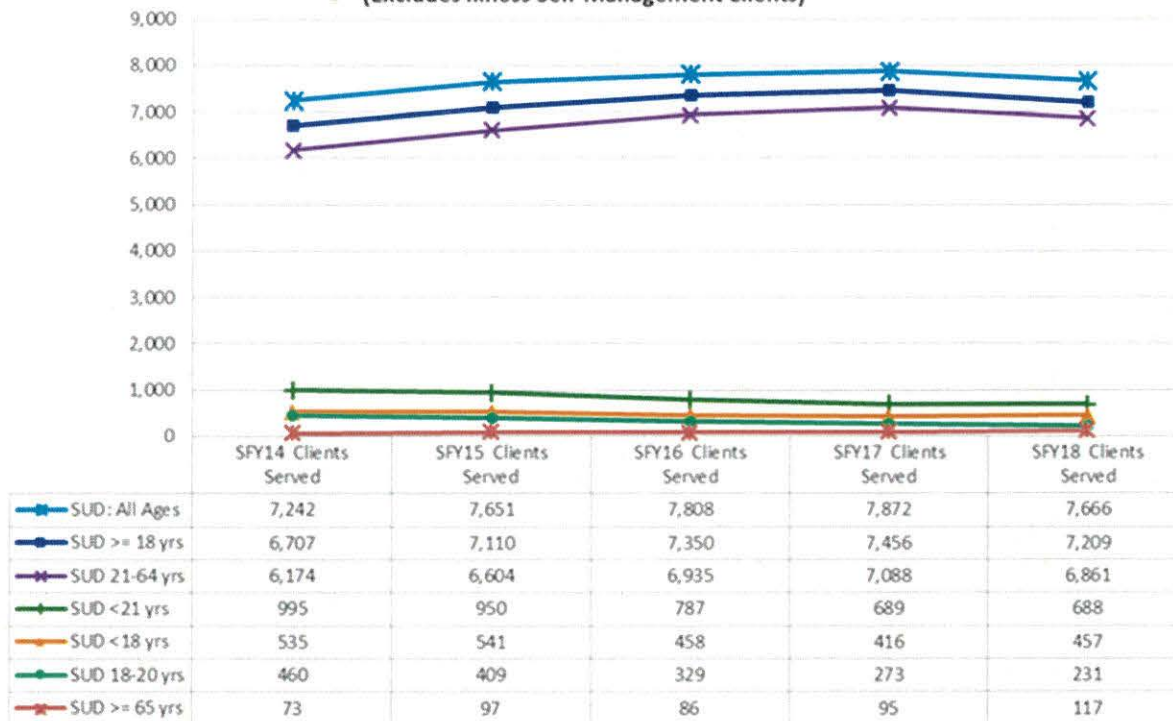
**Rep. Sponholtz: What element of SB74 does the fiscal note reduction of \$462.2 to Senior and Disabilities Services Administration relate to and is it entirely UGF?**

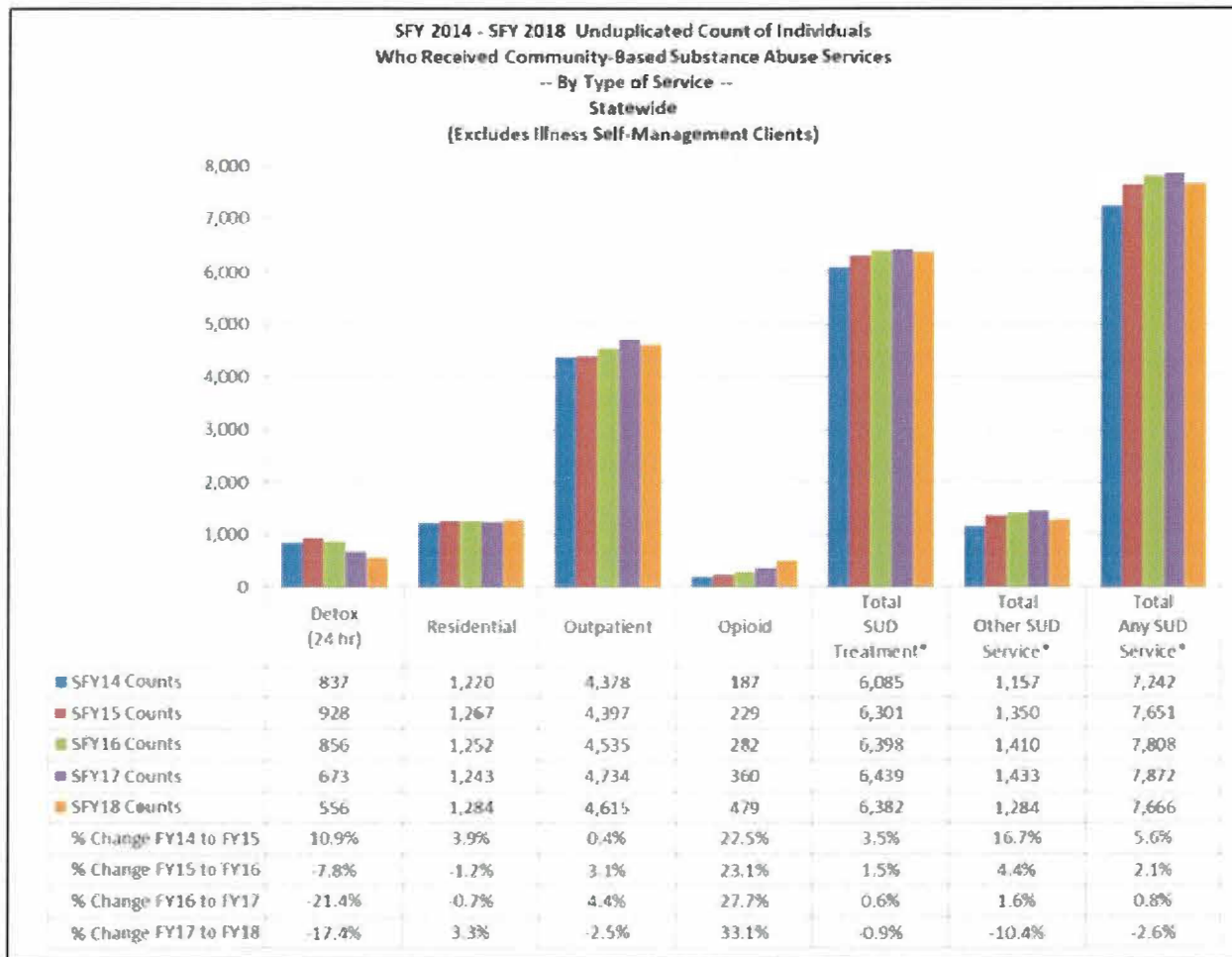
The fiscal note reduction is related to work required to implement 1915(i) and (k) and amend 1915 (c) on a short timeline while maintaining its current workload. This work related to new assessments, additional programmatic elements including development of regulations, Medicaid State Plan options and 1915(c) wavier, and interfaces with other department data management systems. The reduction of \$462.2 is comprised of \$84.4 UGF and \$377.8 Federal.

**Rep. Tarr: How many people are accessing SUD services in the Division of Behavioral Health?**

While we are still seeing the funding from our recent multi-year capital appropriation work through the behavioral health system in Alaska, the below tables will illustrate the recipients of SUD services at our grantee agencies over time. The Division of Behavioral Health will provide the committee with a more comprehensive report of recipients and spending on the SUD capital appropriations in the next week.

**SFY 2014 - SFY 2018 Unduplicated Count of Youth and Adults  
 Who Received Community-Based Substance Use Disorder (SUD)\* Services -- By Age Group  
 Statewide  
 (Excludes Illness Self-Management Clients)**





**Rep. Johnston: Please provide information on the Distribution of DSH funding.**

The below answers to frequently asked questions were prepared to provide information to stakeholders about the DSH process:

**1. How much did Alaska receive in total DSH funds, per year?**

- There are two reference points for DSH. First – how much was the Alaska DSH allotment each year and second, of that allotment how much did the state of Alaska spend. In the current fiscal year our DSH allotment (maximum that the federal government will allow us to use) was \$22.9 million which would have to be matched with \$22.9 million in general funds to create total DSH payments of \$45.8 million. Alaska only uses a portion of this allotment due to a lack of matching funds. Because of prior year overpayment issues where two hospitals were overpaid for prior year DSH agreements and are “buying down” this debt by providing services, only 2 other hospitals received a payment. \$2.5 million in DSH was used for Providence Alaska

Medical Center and \$14.7 million was used for the Alaska Psychiatric Institute in FY2018 and two hospitals were able to buy-down their debt in the amounts of \$258 thousand and \$302 thousand towards prior year overpayments. For FY2019-2020, the state received a \$14 million (half from the ACHI fund and half from the Federal Government) and will distribute \$7.0 million to 8 hospitals throughout the state with an additional \$7.0 million planned for FY2020.

**2. Who or where was the funding distributed to? What healthcare entities/facilities?**

- 4 Hospitals have had ongoing agreements with the department to receive DSH for many years.
  - Alaska Psychiatric Institute (by regulation API receives their facility specific maximum allowable by law)
    - FY2018-14.7 million
    - FY2017-14.6 million
    - FY2016-14.1 million
  - Fairbanks Memorial Hospital – note the decline resulting from falling uncompensated care associated with Medicaid expansion
    - FY2018-\$258.9 thousand
    - FY2017-\$660.5 thousand
    - FY2016-\$1.3 million
  - Bartlett Regional Hospital – note the decline resulting from falling uncompensated care associated with Medicaid expansion
    - FY2018--\$302.5 thousand
    - FY2017-\$274.5 thousand
    - FY2016-\$1.8 million
  - Providence Alaska Medical Center - \$2.5 million annually.
    - FY2018-\$2.5 million
    - FY2017-\$2.5 million
    - FY2016-\$2.5 million
- 8 hospitals received DSH for 2019 totaling \$7.0 million
  - Central Peninsula Hospital
  - Providence Seward Medical Center
  - Bartlett Regional Hospital
  - Alaska Regional Hospital
  - South Peninsula Hospital
  - Providence Kodiak Island Medical Center
  - Petersburg Medical Center
  - Fairbanks Memorial Hospital

**3. Do Alaska healthcare entities/facilities have to apply for the funding and does that involve your department? Is that public information? If so, please provide who applied and what amount did they ask for?**



- Yes, Hospitals must apply for the funding by entering into an agreement with the department to provide specific services such as 24/7 psychiatric emergency services, title 47 involuntary commitment evaluations, etc. In the past, the state has had ongoing agreements with Providence Alaska Medical Center (single point of entry psychiatric services), Bartlett Regional Hospital (DET/Involuntary Commitment Evaluation and Treatment Services), Fairbanks Memorial Hospital (DET/Involuntary Commitment Evaluation and Treatment Services) and the Alaska Psychiatric Institute. For many years, these were the only 4 hospitals receiving funding through DSH because of the lack of matching funds (DSH funds must be matched 50%/50% with state and federal dollars). In FY2019-2020 the legislature appropriated \$14 million in DSH funding available to be spent over 2 years. Given the new funding, a memo was sent to each eligible DSH hospital to make them aware of the filing process and deadlines and the distribution of the first half of these funds should be finalized in the next 2 weeks.

**4. What trends/changes have occurred over the last three years? Or what trends or pending federal legislation could alter that current methodology?**

- Federal lawmakers have acknowledged that the DSH program is becoming obsolete due to Medicaid expansion. DSH can only be used to compensate hospitals for uncompensated care that they provide to those without insurance, Medicaid, or another payment source and cannot be used to fund capital construction expenditures, payroll costs, or other activities within a hospital. Once Medicaid was expanded in FY2016 the level of uncompensated care in hospitals throughout the state fell significantly (because the care was now being compensated through Medicaid Expansion). As a result, the level of DSH funds that each hospital can receive under federal regulations is falling significantly. Many hospitals are unable to prove out their uncompensated care levels to become eligible for DSH in the first place. It is anticipated that the program will cease to be useful to the state (i.e. major hospitals will not be able to participate) within the next several years. The federal government will be phasing out the role of the DSH program by reducing the total allotment to each state annually through FY2023.

If you have additional questions, please contact me at 465-1630.

Sincerely,



Sana Efird  
Assistant Commissioner

cc: Kelly Cunningham, Fiscal Analyst, Legislative Finance  
Suzanne Cunningham, Legislative Director, Office of the Governor  
Neil Steininger, Office of Management and Budget  
Adam Crum, Commissioner  
Donna Steward, Deputy Commissioner

FMS-Juneau Letterhead

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Marian Sweet, Deputy Director of Finance and Management Services

Brian Fechter, Budget Manager

Anthony Newman, Legislative Liaison

Jillian Gellings, Deputy Legislative Liaison

Margaret Brodie, Director, Division of Health Care Services

Shawnda O'Brien, Director, Division of Public Assistance

**DPA Caseload (all Programs) - Jan 2019**

<b>Census Region</b>	<b>Caseload</b>
Aleutians East	333
Aleutians West	413
Anchorage	81,341
Bethel	9,070
Bristol Bay	212
Denali	270
Dillingham	2,261
Fairbanks N Star	20,424
Haines	706
Hoonah/Angoon	916
Juneau	8,215
Kenai	18,145
Ketchikan Gateway	4,856
Kodiak	3,157
Kusilvak	4,636
Lake and Peninsula	674
Mat-Su	30,308
Nome	4,517
North Slope	1,932
NW Arctic	3,260
Petersburg	1,070
Prince of Wales	2,370
SE Fairbanks	1,985
Sitka	2,313
Skagway	165
Valdez/Cordova	2,367
Wrangell	781
Yakutat	139
Yukon/Koyukuk	3,094
<b>Total</b>	<b>209,930</b>