

Department of Health and Social Services
FY20 - Summary of Significant Budget Issues
(\$ thousands)

Governor's Budget Items Approved as Requested

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Psychiatric Institute / Alaska Psychiatric Institute	Support Ongoing Alaska Psychiatric Institute Operations	Total: \$10,018.6 \$4,700.6 GF/MH (UGF) \$5,318.0 Stat Desig (Other)	<p>The Alaska Psychiatric Institute (API) has struggled to operate at full capacity over the last few years. The following timeline highlights recent policy and budget developments:</p> <p>End of 2018 session - Legislature approves a multi-year language appropriation (FY18-FY19) of \$3.1 million (\$1.736.0 GF/MH, \$682.0 SD/PR, and \$682.0 I/A) and 20 positions to address a nursing shortage that had become critical. Staffing shortages are the primary driver of the diminished capacity -- 58 of the 80 beds are available for operation at this time.</p> <p>July 2018 - January 2019 - During multiple visits to API, investigators from the Centers for Medicare and Medicaid Services (CMS) find several "substantial deficiencies" at the facility, one in January deemed an "immediate jeopardy" to patient safety. Available capacity is further reduced to approximately 35 of 80 beds as staffing and other issues persist.</p> <p>February 2019 - DHSS announces plan to issue an emergency declaration and assume control of API. DHSS enters into a single-source contract with WellPath Recovery Solutions which includes:</p> <ul style="list-style-type: none"> - Phase-One (stabilization) management of API at a cost of \$1 million per month through the remainder of FY19; and - Phase-Two (on-going operations) - Wellpath to fully take over API on July 1, 2019 at a cost of approximately \$44 million per year. <p>Mid April 2019 - Alaska State Employees Association (ASEA) files lawsuit against the State claiming the agreement with WellPath violated procurement law and ignored contract language requiring a feasibility study before outsourcing services.</p> <p>Late April 2019 - DHSS modifies the agreement with WellPath by eliminating the Phase-Two provision and extending Phase-One terms through December, 2019. DHSS contracts with Massachusetts-based Public Consulting Group (PCG) to update their 2017 feasibility study previously conducted on API privatization. That study concluded that privatization would likely be more expensive to the State over a 5-year contract period. Additionally, DHSS states it will issue a competitive Request for Proposals (RFP) for long-term management of API.</p> <p>Early June 2019 - Legislature approves the following Governor's budget requests to support operations and increase capacity at API:</p> <ul style="list-style-type: none"> - FY19 Supplemental - \$7 million UGF - FY20 - \$10,018.6 (\$4,700.6 UGF and \$5,318.0 SDPR) - Extend lapse date of FY18-FY19 multi-year through FY20 (see first item above).

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1	Alaska Psychiatric Institute / Alaska Psychiatric Institute	Support Ongoing Alaska Psychiatric Institute Operations	Total: \$10,018.6 \$4,700.6 GF/MH (UGF) \$5,318.0 Stat Desig (Other)	(continued) Mid June 2019 - The department and PCG jointly agree that a simple update of the 2017 study will not be sufficient. DHSS cancels the contract with PCG. August 2019 - DHSS issues a RFP soliciting proposals for a new feasibility study to privatize API. The RFP closed August 26th, 2019. Status Update - Late Summer 2019, CMS determined the facility to be in substantial compliance with federal regulations and returned API to good standing. Approximately 46 beds were filled as of 10/2/19. Structure Change: The API allocation was moved from the Behavioral Health appropriation to a single appropriation which now reports directly to the Commissioner's Office.
2	Behavioral Health / Designated Evaluation and Treatment	Pay Medicaid Rates for Involuntary Commitment Transfers	(\$1,000.0) GF/MH (UGF)	The Division of Behavioral Health provides transportation funding for mental health consumers who have been involuntarily committed to a mental health facility (primarily the Alaska Psychiatric Institute). Funding for this service typically includes an approved escort (e.g. approved guard service, mental health staff member, etc.) as well as the transportation costs. This decrement reverts transportation costs to the previously approved Medicaid rate (which was recently increased from the Medicaid rate in 2016). According to the department, transportation providers have historically received the Medicaid rate without reporting any major financial impacts.
3	Children's Services / Various	Align UGF and GF Match	Net Zero Change \$2,552.0 GF/Match (UGF) (\$2,552.0) Gen Fund (UGF)	In order to more accurately reflect general funds that match federal funds in the Office of Children's Services, the FY20 Children's Services appropriation includes fund changes in the following allocations: 1. Children's Services Management: (\$3,452.0) UGF, \$3,452.0 GF Match 2. Subsidized Adoption & Guardianship: (\$1,600.0) UGF, \$1,600.0 GF Match 3. Foster Care Special Need: \$2,500.0 UGF, (\$2,500.0) GF Match (this allocation receives most of its federal funding through a block grant that does not require a match).
4	Children's Services / Front Line Social Workers	Year Two (FY20) to Fully Fund Positions for Foster Care Legislation Ch. 15 SLA 2018 (HB151) Sec2	Total: \$381.1 \$103.2 Fed Rcpts (Fed)	During the 2018 session, the legislature passed HB 151 (Ch. 15, SLA 2018) to address high caseloads and staff turnover in Alaska's foster care system. HB 151 added 21 positions in FY19 and appropriated 3/4 of the necessary funding to account for time needed to recruit new employees. This year-two increment fully funds the 21 positions.

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4	Children's Services / Front Line Social Workers	(continued) SLA2018 P42 L7 (HB286)	(continued) \$277.9 Gen Fund (UGF)	During the 2018 session, the legislature passed HB 151 (Ch. 15, SLA 2018) to address high caseloads and staff turnover in Alaska's foster care system. HB 151 added 21 positions in FY19 and appropriated 3/4 of the necessary funding to account for time needed to recruit new employees. This year-two increment fully funds the 21 positions.
5	Public Assistance / General Relief Assistance	Reduce General Relief Assistance Payment	(\$600.0) Gen Fund (UGF)	General Relief Assistance is designed to meet basic needs of Alaskans in emergency situations. Basic needs include shelter, utilities, food, clothing and limited funds for a dignified burial of a deceased indigent person. Previously, there was no limit on the amount of the combined burial benefit (travel and non-travel) which averaged approximately \$3,000 in FY18 for 294 applications. This reduction sets a combined cap of \$1,000.
6	Public Assistance / Public Assistance Field Services	Public Assistance Administrative Efficiencies	(\$2,400.0) GF/ Match (UGF)	The division expects to realize administrative efficiencies from consolidated lease space, efforts to minimize paper filing systems, other system improvements, and staff retention to reduce costs associated with training.
7	Public Health / Nursing	Reduce Public Health Nursing	(\$2,000.0) GF/ Match (UGF)	Between FY15 and FY20, the Public Health Nursing's UGF budget has been reduced by \$6.2 million (22%). The department's strategies to absorb the reductions include: - implement cost saving measures and efficiencies; - leverage federal funds; and - pilot innovative service delivery models with partners.
8	Various	Increased Opioid Grant Funding	Total: \$8,620.0 \$7,620.0 Fed Repts (Fed) \$1,000.0 I/A Repts (Other)	The federal Substance Abuse & Mental Health Services Administration of the Department of Health and Human Services (SAMHSA) has made additional federal dollars available to Alaska to combat the Opioid crisis. Federal funding is appropriated as follows: \$790.0 - Behavioral Health/Behavioral Health Administration. Funding was awarded for a tele-psychiatry program and special technical assistance from the Community Mental Health Services Block Grant and the Substance Abuse Prevention and Treatment Block Grant \$4 million - Behavioral Health/Behavioral Health Treatment and Recovery Grants. Funding will primarily focus on prevention and expanding access to medication assisted treatment. \$1 million of this federal grant will be RSA'd to the Division of Public Health to support the Office of Substance Abuse and Prevention (see next item) \$3,830.0 - Public Health/Public Health Administrative Services. Grant funding is intended to support providers' and health systems' response to the opioid crisis, build partnerships with public safety and first responders, share data to advance evidence-based strategies, and empower individuals to make informed choices and reduce additional exposure to harm. \$1 million of this

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8	Various	Increased Opioid Grant Funding	Total: \$8,620.0 \$7,620.0 Fed Rcpts (Fed) \$1,000.0 I/A Rcpts (Other)	(continued) increase to Public Health Administrative Services consists of interagency receipts supported from the \$4 million federal grant to Behavioral Health (see above item).
9	Various	Executive Branch 50% Travel Reductions	Total: (\$1,088.9) (\$353.3) UGF (\$94.9) DGF (\$120.4) Other (\$520.3) Federal	The legislature accepted all of the Governor's proposed 50% travel reductions with the following non-GF exception in the Senior and Disabilities Services appropriation/ Council on Disabilities and Special Education allocation: - (\$35.9) Federal Receipts - (\$7.3) I/A Receipts (Other) - (\$5.9) MHTAAR (Other) Veto: The legislatively-restored item was subsequently removed through the veto process.

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Governor's Items Modified

Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
10	Alaska Pioneer Homes / Pioneer Homes	Fund Changes to Implement Rate Increases and Segregate UGF in the New Payment Assistance Allocation	Net Zero Change \$259.0 Fed Rcpts (Fed) (\$16,792.4) Gen Fund (UGF) \$8,323.2 GF/Prgm (DGF) \$24,596.4 I/A Rcpts (Other) (\$16,386.2) GF/MH (UGF)	Net Zero Change \$259.0 Fed Rcpts (Fed) (\$16,792.4) Gen Fund (UGF) \$8,323.2 GF/Prgm (DGF) \$22,196.4 I/A Rcpts (Other) (\$16,386.2) GF/MH (UGF) \$2,400.0 RcdvsmFund (DGF)	The Governor's amended proposal reduced the Pioneer Homes appropriation by ~\$12.3 million UGF from FY19. This reduction was intended to be offset by increased general fund program receipts (from significant rate increases to residents) and inter-agency receipts (from Medicaid payments associated with increased charges to residents). Due to the uncertainty of how much in additional receipts would be realized, the legislature added \$5 million UGF to the Governor's amended request in the new Payment Assistance allocation (see item #11) and replaced \$2.4 million of I/A with Recidivism Reduction funds (DGF) in the Pioneer Homes allocation to directly support program operations.
11	Alaska Pioneer Homes / Alaska Pioneer Homes Payment Assistance	Create New Pioneer Homes Payment Assistance Allocation and Segregate UGF	\$20,902.8 Gen Fund (UGF)	\$25,902.8 Gen Fund (UGF)	<p>The legislature approved the Governor's proposal to:</p> <ol style="list-style-type: none"> 1. establish a new Pioneer Homes' Payment Assistance allocation; and 2. transfer all UGF in the Pioneers Home allocation to the new allocation (including \$902.8 associated with a recent class study for nursing positions). <p>Both actions were intended to more clearly identify the state UGF subsidy to the Pioneer Homes.</p> <p>Legislative Fiscal Analyst Comment: Although the source of funds to operate the Pioneer Homes has changed, the amount required to operate the program has not. Due to some of the behavior implications associated with substantial rate increases, projecting the amount of necessary UGF is not merely a numbers exercise and an FY20 supplemental request is likely. In the opinion of Legislative Finance, creation of a separate allocation for payment assistance does not clarify subsidies by level of service (which is the Governor's intended goal). We suggest that breaking the existing Pioneers Homes allocation into several allocations (one for each level of care) would be more productive. The Department contends that breaking out Payment Assistance into several</p>

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11	Alaska Pioneer Homes / Alaska Pioneer Homes Payment Assistance	Create New Pioneer Homes Payment Assistance Allocation and Segregate UGF	\$20,902.8 Gen Fund (UGF)	\$25,902.8 Gen Fund (UGF)	(continued) allocations would create excessive administrative requirements as there is constant change in the level of care provided in the Pioneer Homes.
12	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Reduce Behavioral Health Treatment and Recovery Grants	(\$12,000.0) GF/MH (UGF)	(\$12,240.0) GF/MH (UGF)	<p>The legislature approved \$8.24 million of the Governor's requested \$12 million decrement; \$8.24 million corresponds to the reduction in grant solicitations reviewed by DHSS for FY20. Additionally, the legislature approved a fund change replacing \$4 million of UGF with Marijuana Education and Treatment (DGF) funds. The Governor accepted the negative UGF component of the fund change and vetoed the DGF portion, resulting in a net UGF reduction of \$12.24 million.</p> <p>Veto: In addition to the \$4 million fund change proposed and partially vetoed, the legislature also added \$2.1 million of Marijuana Education and Treatment (MET) funding in an effort to offset budget impacts of UGF reductions to treatment and recovery grants. The Governor vetoed the additional \$2.1 million in MET (DGF) funding.</p>
13	Public Assistance / Adult Public Assistance	Reduce Maintenance of Effort Requirement by Reducing Adult Public Assistance Payments	(\$14,700.0) GF/Match (UGF)	(\$7,471.2) GF/Match (UGF)	<p>Maintenance of Effort (MOE) requires a state -- as a condition of eligibility for federal funding -- to maintain a level of state support for a particular program. Failure to meet that requirement can prompt significant federal penalties, such as the loss of some, or all, federal funding associated with that program.</p> <p>Alaska's Adult Public Assistance program was established in 1982 with the intent to provide a state funded and administered program to supplement benefits provided by Social Security Income (SSI). The SSI and APA programs use similar eligibility criteria. State expenditures from the Adult Public Assistance program are then used to satisfy MOE in order for Alaska to receive federal reimbursement for Medicaid. The state may use one of two methods to meet Medicaid MOE:</p>

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13	Public Assistance / Adult Public Assistance	Reduce Maintenance of Effort Requirement by Reducing Adult Public Assistance Payments	(\$14,700.0) GF/ Match (UGF)	(\$7,471.2) GF/ Match (UGF)	<p>(continued)</p> <p>1. maintain prior year APA spending levels (~\$56 million UGF in FY18 & FY19); or</p> <p>2. maintain combined supplementary income payment levels at or above 1983 levels. Under this method, reverting to 1983 funding levels would result in an approximate \$14.7 million UGF reduction to APA's annual budget (as projected in the Governor's 2/13/19 budget release).</p> <p>The State has historically elected option one to meet Medicaid MOE, in part because option two would result in most recipients experiencing a 25-30% reduction in their monthly benefit. The legislature denied the Governor's request for a \$14.7 million reduction.</p> <p>The Governor is still moving forward with option two. However, subsequent to the Governor's original budget submission, the SSA informed the State that this program change can take effect only at the beginning of a calendar year, or half of the fiscal year. Consequently, the Governor vetoed ~50% of the legislative appropriation, (\$7.4 million) in order to comply with federal rules. The remaining UGF (\$7.3 million) is likely to be decremented in FY21.</p>
14	Senior Benefits Payment Program / Senior Benefits Payment Program	Senior Benefits Payment Program	(\$19,986.1) Gen Fund (UGF)	\$800.0 Gen Fund (UGF)	<p>The Governor proposed elimination of the Senior Benefits Program which provides cash benefits to approximately 11,600 Alaskan seniors with low to moderate income. The legislature denied the proposal and added \$800.0 UGF in order to meet the revised need of all three benefit tiers (\$76/mo, \$175/mo, or \$250/mo depending on income level). The Governor originally vetoed the legislature's Senior Benefits appropriation in HB 39 (Ch. 1, FSSLA 19), however, he subsequently approved the legislature's restoration of funds in HB 2001 (Ch. 2, SSSLA 19), leaving the program funded at \$20.8 million.</p> <p>Supplemental: Increased recipient counts and the need to address backlog applications contributed to an FY19 funding shortfall late in the fiscal year. An</p>

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14	Senior Benefits Payment Program / Senior Benefits Payment Program	Senior Benefits Payment Program	(\$19,986.1) Gen Fund (UGF)	\$800.0 Gen Fund (UGF)	(continued) \$800.0 UGF supplemental (see item #26) was approved to cover May and June benefits for the highest income tier (lowest benefit amount of \$76/mo).
15	Medicaid Services / Various	Implement Medicaid Services Cost Containment Measures and Reform Initiatives	Total: (\$702,004.5) (\$468,730.9) Fed Rcpts (Fed) (\$233,273.6) GF/ Match (UGF)	(\$144,550.3) GF/ Match (UGF)	<p>In addition to \$15.9 million in planned FY20 UGF reductions associated with SB 74 (SLA 2016) year-four fiscal notes, the Governor's Medicaid request included the following decrements:</p> <p>1. New (consolidated) Medicaid Services allocation (\$225 million) UGF, (\$450 million) Federal Receipts. The budget request also included conditional backstop language accessing the Statutory Budget Reserve (SBR) fund (balance estimated to be \$172.4 million) if the amount needed to fund Medicaid services exceeds the amount appropriated. The legislature approved \$70.4 million UGF of the requested reduction to the consolidated Medicaid Services allocation and rejected the backstop language.</p> <p>2. Adult Preventative Dental Medicaid Services (\$8.3 million) UGF, (\$18.7 million) Federal Receipts (zero out funding and eliminate the program). The legislature rejected the proposed reductions, but the funds were ultimately vetoed.</p> <p>During the sub-committee process the department provided some detail on the Administration's plan to achieve proposed savings; however, many questions remained. In addition to concern over rate reductions to providers, there was particular legislative interest over the aggressive timeframe required for CMS approval to Medicaid State Plan Amendments (SPAs).</p> <p>The legislature adopted intent language to continue providing Adult Preventative Dental services as well as hold the following provider groups harmless from Medicaid rate reductions:</p> <ol style="list-style-type: none"> 1. Long term care facilities 2. Critical Access Hospitals (CAHs) - the department stated the 13 CAHs in Alaska would be exempt. CAHs are facilities that have no more than 25

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Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
15	Medicaid Services / Various	Implement Medicaid Services Cost Containment Measures and Reform Initiatives	Total: (\$702,004.5) (\$468,730.9) Fed Rcpts (Fed) (\$233,273.6) GF/ Match (UGF)	(\$144,550.3) GF/ Match (UGF)	<p>(continued) inpatient beds. 3. Hospitals with the dual federal designation of Sole Community Hospital and Rural Referral Center (Fairbanks Memorial Hospital).</p> <p>The Administration is exempting the following groups:</p> <ol style="list-style-type: none"> 1. In-patient services at Critical Access Hospitals (CAH). Some CAHs have a co-located long term care facility (LTC), and LTCs are experiencing rate cuts and withheld inflation. 2. Primary Care, Pediatric and Obstetric Physicians 3. Federally Qualified Health Centers (FQHCs) <p>Veto: In addition to a \$15.9 million reduction (via SB 74 fiscal notes) and the \$70.4 million reduction approved by the legislature, the Governor vetoed \$50 million UGF from the consolidated Medicaid allocation as well as all funding -- \$8.3 million UGF and *\$18.7 million in federal receipts -- from the Adult Preventative Dental program.</p> <p>*Issues with Veto for Adult Preventative Dental Medicaid: An error in the signed/vetoed operating bill resulted in all federal funding -- \$18.7 million -- remaining in the "eliminated" Adult Preventative Dental allocation. OMB maintains the veto was done properly, therefore does not acknowledge the \$18.7 million in federal receipts remaining in the Medicaid budget and will not be posting the receipt authority to the State's accounting system. Additionally, due to timing issues with CMS, the department will not be terminating preventative dental services until October 1st, 2019. It is likely that the additional quarter-year of unbudgeted services will contribute up to \$2 million UGF to an FY20 supplemental request.</p> <p>Status Update: On June 28, 2019, the DHSS Commissioner announced that because the Medicaid program would be significantly underfunded in FY20,</p>

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Item	Appropriation / Allocation	Description	Governor Request	Amount Enacted	Comment
15	Medicaid Services / Various	Implement Medicaid Services Cost Containment Measures and Reform Initiatives	Total: (\$702,004.5) (\$468,730.9) Fed Rcpts (Fed) (\$233,273.6) GF/ Match (UGF)	(\$144,550.3) GF/ Match (UGF)	<p>(continued) provider rates would be cut and inflation suspended through emergency regulations. The Alaska State Hospital and Nursing Home Association (ASHNA) subsequently filed a lawsuit on July 12th, 2019 against the State on the grounds that it is inappropriate to cut provider rates under emergency regulations, which does not provide sufficient time for public comment and consultation. Additionally, the lawsuit claims the Commissioner's "Finding of Emergency" due to significant underfunding, is not an emergency because the "underfunding is an occurrence entirely of the Dunleavy Administration's own deliberate creation". On August 30, 2019, an Anchorage Superior Court Judge issued a preliminary statement that "DHSS' desire to skip the non-emergency regulation process and realize cost savings in the first quarter of the fiscal year does not justify emergency regulations, only an actual emergency can justify emergency regulations". On October 2, 2019, the department and ASHNA reached a settlement which includes no rate reductions for the first quarter of FY20. Inflation will also be paid for for this timeframe. Going forward, DHSS will pursue (under the standard regulatory process) rate reductions and suspended inflation for the remainder of the fiscal year.</p> <p>Structure Change: All allocations under the Medicaid Services appropriation were consolidated into a single Medicaid Services allocation.</p> <p>Legislative Fiscal Analyst Comment: Factoring in the FY19 \$15 million UGF supplemental (see related item #27), the FY20 Medicaid Services budget is down \$159.9 million UGF compared to FY19. At this time, Legislative Finance estimates a UGF supplemental between \$100-\$150 million.</p>

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Governor's Budget Items Denied and Not Vetoed

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
16	Public Assistance / Permanent Fund Dividend Hold Harmless	Eliminate Permanent Fund Dividend Hold Harmless	(\$17,724.7) PFD Fund (Other)	Per AS 43.23.240, the Division of Public Assistance may not consider the Permanent Fund Dividend (PFD) to be income or resources unless required to do so by federal law or regulation. If individuals are denied assistance due to receipt of their PFDs, they are entitled to receive PFD Hold Harmless benefits for up to four months, in the amount they would have gotten if they had not received the PFD. The Governor proposed to eliminate all funding associated with this provision. However, he did not introduce legislation to repeal the statute. The legislature maintained funding to continue the program.
17	Human Services Community Matching Grant / Human Services Community Matching Grant	Eliminate Human Services Community Matching Grants	(\$1,387.0) Gen Fund (UGF)	The legislature denied the elimination of Human Services Community Matching Grants (which serve the needy (homeless shelters, food banks, etc.) primarily in Anchorage, Fairbanks and Mat-Su). Initially the Governor vetoed the restored funds in HB 39; however, the Governor did not veto the funding that the legislature restored in HB 2001.
18	Community Initiative Matching Grants / Community Initiative Matching Grants (non-statutory grants)	Eliminate Community Initiative Matching Grants	(\$861.7) Gen Fund (UGF)	The legislature denied the elimination of Community Initiative Matching Grants which serves the needy (homeless shelters, food banks, etc.) in less urban areas. Initially the Governor vetoed the restored funds in HB 39; however, the Governor did not veto the funding that the legislature restored in HB 2001.

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Legislative Additions and Deletions

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
19	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Replace Unsustainable Alcohol and Other Drug Treatment and Prevention Funds with Recidivism Reduction Funds	Net Zero Change (\$1,500.0) A/D T&P Fd (DGF) \$1,500.0 RcdvsmFund (DGF)	<p>Currently, and in recent fiscal years, appropriations from the Alcohol and Other Drug Treatment and Prevention Fund (ADTPF) have exceeded revenue to the fund. Excess appropriations have been covered by a carry forward balance which, at FY19 appropriation levels, was projected to be exhausted in FY21.</p> <p>Total appropriations of \$23.1 million included in the FY20 Governor's request for Alcohol Funding exceeded the \$20.1 million of anticipated FY20 revenue to the fund. This pattern of over-appropriating ADT&P funds has resulted in a decline of the carry forward balance as follows:</p> <p style="padding-left: 40px;">FY15: \$18.4 million carried forward into FY15 FY20: \$4.4 million (estimated) carry-forward into FY20 FY21: \$2.9 million after the legislature substituted \$1.5 million of marijuana tax receipts for ADTPF funds. A continuation of FY20 spending in FY21 would leave a balance of about \$1.3 million to carry forward in FY22. Another fund source will be needed in FY22 or services will be reduced.</p> <p>Legislative Fiscal Analyst Comment: The Department of Revenue estimates \$10.6 million will be available to spend from the Recidivism Reduction Fund in FY20, which consists of 50% of marijuana excise tax proceeds (AS 43.61.060). This fund change increases the use of Recidivism Reduction Funds in the Behavioral Health appropriation from \$3,125.0 to \$4,625.0 between FY19 and FY20.</p>
20	Medicaid Services / Medicaid Services	Decrement the UGF amount expended on abortions in FY18	(\$334.7) Gen Fund (UGF)	The legislature decreased Medicaid Services by \$334.7 UGF (the amount expended for abortions in FY18).

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Governor's Vetoes

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21	Juvenile Justice / Nome Youth Facility	Eliminate Youth Detention and Treatment in Nome Youth Facility	(\$2,000.0) Gen Fund (UGF) (16) PFT Positions (2) TMP Positions	The legislature denied the Governor's request to eliminate funding and positions (16 PFT and 2 Temporary) associated with detention and treatment at the Nome Youth Facility. The Governor vetoed the item, leaving \$774.3 UGF, \$10.0 Federal Receipts, 2 PFT and 1 Temporary position in the Nome allocation to support probation services. Youth needing detention and/or treatment will be transferred to other Juvenile Justice facilities.

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SLA2019 New Legislation

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22	Children's Services / Family Preservation	Ch. 4, FSSLA 2019 (HB 49) CRIMES; SENTENCING; DRUGS; THEFT; REPORTS	\$73.3 PCE Endow (DGF)	<p>This legislation modifies requirements for people classified as "mandatory reporters" as that term relates to "online enticement of a minor" and "unlawful exploitation of a minor." In order to keep mandatory reporters abreast of changes to the law, DHSS will update its training module and perform additional outreach.</p> <p>One-time costs of \$73.3 are based on increased television, radio, and printed material, with out-reach/messaging occurring more frequently for approximately three months. Beginning in year two, expenditures will be stepped down and DHSS anticipates that existing funds within the allocation will be sufficient.</p> <p>The fiscal note requested general funds to support an RSA within the Commissioner's Office that handles media out-reach for the department. The fund source was changed to PCE (fund code 1169) and funded through a capital appropriation (SB 19, Ch. 3 FSSLA 19).</p> <p>Legislative Fiscal Analyst Comment: The PCE Endowment fund has limited purposes designated by statute. Appropriations from the PCE Endowment to fund HB 49 are flagged as non-designated uses of the PCE Endowment fund.</p>
23	Public Health / Emergency Programs	Ch. 15, SLA 2019 (SB 93) MEDICAL PROVIDER INCENTIVES/LOAN REPAYM'T	\$814.3 Stat Desig (Other)	SB 93 replaces the Supporting Health Access Repayment Program (SHARP) 2 program with a revised SHARP 3 program. The primary difference is the new SHARP 3 program will not use unrestricted general funds and is 100% funded with receipts paid to the division by participating employers. Under SHARP 3, health care professionals could receive payments such as cash incentives (taxable), or payments to lender institutions for student loan repayments (not taxable), or there can be a combination of the two types of payments. The Division of Public Health will act as the broker for the contract and funds in the ongoing effort to attract more medical professionals to underserved areas in Alaska.
24	Public Health / Epidemiology	Ch. 17, SLA 2019 SB 37 Vaccine Assessment Fund - Moves funding from DHSS to Fund Caps (30e SB19)	(\$12,500.0) VaccAssess (DGF)	The vaccine assessment program allows the department to purchase and distribute recommended pediatric vaccines and select adult vaccines to healthcare providers. The program is fully funded by the state Vaccine Assessment Account through assessments from healthcare payers. Previously, funding (assessments) flowed to the department by appropriation. SB 37 reestablished the vaccine assessment program as a fund capitalization, which allows money in the fund to be spent by the Commissioner with no further appropriation. This change:

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SLA2019 New Legislation

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24	Public Health / Epidemiology	Ch. 17, SLA 2019 SB 37 Vaccine Assessment Fund - Moves funding from DHSS to Fund Caps (30e SB19)	(\$12,500.0) VaccAssess (DGF)	(continued) 1. Increases flexibility--if more providers sign on to the program, a new vaccine is added, or there is an urgent need to respond to an outbreak, the department can immediately spend money without requesting legislative authority to purchase additional vaccines. 2. Eliminates double counting--money going into the fund must still be appropriated, but money will no longer be appropriated out of the fund. 3. Protects the program--by permitting money in the fund to be spent with no further appropriation, the fund would not be subject to the annual sweep into the constitutional budget reserve fund. Sweeping the fund could end the program if healthcare insurers refused to pay an assessment that wasn't used for vaccine purchases.

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FY19 Supplemental Appropriations

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
25	Alaska Psychiatric Institute / Alaska Psychiatric Institute	Alaska Psychiatric Institute Transition to Public/Private Partnership	\$7,000.0 Gen Fund (UGF)	In addition to an FY20 increase (see item #1), \$7 million UGF in FY19 supplemental funds was approved to cover: -\$5 million-WellPath Phase-One contract (5 months @ \$1 million /month) -\$1.4 million to support increased security services due to an increase in safety and security incidents -additional costs associated with API's plan of correction (e.g. building updates, safety code violations, increased staff safety training)
26	Senior Benefits Payment Program / Senior Benefits Payment Program	Address FY19 shortage of funding for Senior Benefits Payment Program	\$800.0 Gen Fund (UGF)	Increased recipient counts and the need to address backlog applications contributed to an FY19 funding shortfall late in the fiscal year. An \$800.0 UGF supplemental (see related item #14) was approved to cover May and June benefits for the highest income tier (lowest benefit amount of \$76/mo).
27	Medicaid Services / Health Care Medicaid Services	FY18 Medicaid Claims Paid in FY19	Total: \$90,000.0 \$75,000.0 Fed Repts (Fed) \$15,000.0 GF/ Match (UGF)	FY19 began with a \$37.8 million GF shortfall from FY18 payments that were suspended until FY19. Subsequently, as stated by DHSS, some program costs were avoided due to delayed implementation of Medicaid Managed Care. After all factors were considered, the final GF supplemental requested and approved for FY19 was \$15 million. Additionally, a language supplemental for federal funding, estimated to be \$75 million, was approved. Based on preliminary data from DHSS as of 9/4/19, \$51.5 million of the additional \$75 million in federal authority was expended in FY19.