

Department of Health and Social Services
Summary of Budget Changes
(\$ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Alaska Pioneer Homes / Alaska Pioneer Homes Payment Assistance	Add UGF Funding for Alaska Pioneer Homes Payment Assistance	\$5,000.0 Gen Fund (UGF)	<p>During the 2019 session, the Governor proposed a Pioneer Homes rate increase accompanied with a \$12.3 million UGF reduction to the Pioneer Homes appropriation. The reduction was intended to be offset by increased general fund program receipts and inter-agency receipts. Additionally, all UGF in the appropriation was segregated in the new Payment Assistance allocation. Due to the uncertainty of how much in additional receipts would be realized, the legislature added \$5 million UGF to the Governor's request in the Payment Assistance allocation and replaced \$2.4 million of inter-agency receipts with Recidivism Reduction funds (DGF) in the Pioneer Homes allocation.</p> <p>Excluding program receipts, the Governor's FY21 request would restore general fund levels close to the FY19 Management Plan (pre-rate increase).</p> <p>Fiscal Analyst Comment: It is still unclear at this time what behavior implications will result from the rate increases. The level of state subsidy to Pioneer Homes residents fluctuates depending on how many elders are self-pay, participating in payment assistance, or are on Medicaid at a given time. The Governor has indicated a correlating supplemental request is likely.</p>
2	Alaska Pioneer Homes / Pioneer Homes	Reduce Unrealizable Authority to Align with Anticipated Revenue	Total: (\$10,000.0) (\$2,592.2) GF/ Prgm (DGF) (\$6,300.0) I/A Repts (Other) (\$1,107.8) Stat Desig (Other)	<p>This decrement removes hollow receipt authority from the Pioneer Homes' budget. In recent years, the Pioneer Homes has been unable to collect and expend 100% of their non-UGF fund sources which include:</p> <ul style="list-style-type: none"> - GF Program Receipts - billing residents for room, board, and other charges; - Inter-agency Receipts - billing Medicaid for eligible residents; - Statutory Designated Program Receipts - revenue from third-party insurance payments for pharmaceuticals; - Federal Receipts - billing the Veteran's Administration for services provided to qualifying Veteran residents.

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3	Alaska Psychiatric Institute / Alaska Psychiatric Institute	Add Authority to Achieve Full Capacity at the Alaska Psychiatric Institute	Total: \$9,366.4 \$1,094.2 Gen Fund (UGF) \$5,149.0 I/A Rcpts (Other) \$1,435.0 GF/MH (UGF) \$1,688.2 Stat Desig (Other)	A joint team of Alaska Psychiatric Institute (API) and Wellpath Recovery Solutions employees are currently managing daily operations of the facility. Wellpath is under contract to provide hospital administration services on a month-to-month basis through March 31, 2020. The monthly cost to support the WellPath contract was reduced from \$1 million/month to \$700.0/month beginning in September, 2019. This funding request is contingent upon the availability of beds for patient treatment exceeding 79. The facility has been operating on a reduced capacity of approximately 47 beds due to limited staff and the complexity of the patients being treated there. Fiscal Analyst Comment: The Governor has indicated a supplemental request of \$6 million UGF is likely.
4	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Replace UGF with Marijuana Education and Treatment Funding (DGF)	Net Zero Change (\$11,400.0) GF/MH (UGF) \$11,400.0 MET Fund (DGF)	OMB projects \$13.5 million of Marijuana Education and Treatment (MET) funding to be available in FY21. This includes \$6.7 million of prior-year carryforward plus \$6.8 million in new FY21 revenue. Of this amount, \$2.5 million is appropriated (Ch. 73, SLA 2018 SB104) in the base budgets of Public Health Administration and Behavioral Health Administration, leaving a projected available balance of \$11 million. Fiscal Analyst Comment: When the Department of Revenue releases its 2019 Annual Tax Report (anticipated at the end of January), the amount of this fund change should be more closely aligned with available funding.
5	Children's Services / Front Line Social Workers	Add Federal Authority for Staff Retention and Wellness Initiatives	\$1,500.0 Fed Rcpts (Fed)	Additional federal authority is needed to support salaries related to prevention casework and to cover costs related to fewer vacancies and faster, more effective recruitments.
6	Children's Services / Family Preservation	Add Federal Authority for Title IV-E Reimbursement for Legal Representation for Parents	\$1,200.0 Fed Rcpts (Fed)	New federal guidance (effective July 1, 2019) expands Title IV-E reimbursement to include legal representation for parents in Child in Need of Aid proceedings. Previously, Title IV-E reimbursement for legal representation was only provided for the child welfare agency (Office of Children's Services).

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7	Public Assistance / Adult Public Assistance	Restore Adult Public Assistance Payment Maintenance of Effort Requirements	\$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 the early 1980's 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> <ol style="list-style-type: none"> 1. maintain prior year APA spending levels (approximately \$56 million UGF in FY18 & FY19); or 2. maintain combined supplementary income payment levels at or above 1983 levels. <p>Under this method, reverting to 1983 funding levels was projected to result in an approximate \$14.7 million UGF reduction to APA's annual budget. This projection influenced the following actions during the 2019 legislative session:</p> <ol style="list-style-type: none"> 1. The Governor proposed a \$14.7 million UGF reduction in the 2/13/19 budget request; 2. The legislature denied the decrement; and 3. The Governor vetoed ~50% of the amount (\$7,471.2) after the Social Security Administration informed the State that this program change can only take effect at the beginning of a calendar year, or half of the fiscal year. <p>Subsequently, more information has emerged. In early December, 2019, the department announced that during the implementation of the change to Medicaid MOE, a second issue was discovered. The Centers for Medicare & Medicaid Services (CMS) alerted the department that Alaska had been using an incorrect calculation for APA benefits since 1995.</p> <p>To come into compliance with federal regulations, a new payment standard was required to correct the decades-long miscalculations. It became apparent that implementing both changes at the same time would reduce payments for some individuals to an unacceptable amount. As a result, the</p>

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7	Public Assistance / Adult Public Assistance	Restore Adult Public Assistance Payment Maintenance of Effort Requirements	\$7,471.2 GF/ Match (UGF)	(continued) Governor is reversing the change to the Medicaid MOE methodology and restoring the vetoed funds in the FY21 proposal. Fiscal Analyst Comment: A supplemental for both the Medicaid MOE (\$7,471.2) issue plus the decades-long miscalculation issue (amount unknown) is likely.
8	Public Health / Women, Children and Family Health	Transfer Parents as Teachers Program from the Department of Education and Early Development for Better Alignment	\$474.7 Gen Fund (UGF)	The Department of Education and Early Development currently sends Parents as Teachers Program funding to H&SS through a Reimbursable Services Agreement to administer the grants to eligible recipients. This move aligns funding within the department that is actually administering the grants and removes an unnecessary administrative step.
9	Public Health / Emergency Programs	Second Year Costs for Medical Provider Incentives/Loan Repayment (Ch15 SLA2019 (SB93))	\$1,270.8 Stat Desig (Other)	SB 93 replaced 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 UGF 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.
10	Senior and Disabilities Services / Early Intervention/Infant Learning Programs	Add Authority for Children and Families Preschool Development Grant	\$7,000.0 Fed Rcpts (Fed)	Increased authority is requested to administer the federal Children and Families Preschool Development Grant. States are not to create new programs, but rather help coordinate existing early childhood programs and services according to the identified needs of the state. The match requirement for this grant is 30% and can be met with existing state funds within the Infant Learning Program. In addition to the Early Intervention/Infant Learning Program (Individuals with Disabilities Education Act (IDEA) Part C), existing eligible programs include: <ul style="list-style-type: none"> - Early Head Start programs 0-3; - Parents as Teachers (PAT) programs; - Family Nurse Partnership (Maternal, Infant, and Early Childhood Home Visiting program (MIECHV) nurse home visiting); - Head Start 3-5, Special Needs preschool services (Individuals with Disabilities Education Act (IDEA) Part B);

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10	Senior and Disabilities Services / Early Intervention/Infant Learning Programs	Add Authority for Children and Families Preschool Development Grant	\$7,000.0 Fed Rcpts (Fed)	(continued) - Child Care centers administered through DPA's Child Care Program Office; - Help Me Grow (referral/screening source); - Early Childhood Comprehensive Systems programs (Nome, Kodiak, Mat-Su); - Women's, Children's and Family Health (WCFH) supports and services; - Early and Periodic Screening Diagnostic and Treatment (EPSDT) services; - Governor's Council on Disabilities and Special Education (GCDSE); - Interagency Coordinating Council (ICC); - Alaska Early Childhood Coordinating Council (AECCC); and - Learn and Grow, Imagination Library.
11	Senior and Disabilities Services / Senior and Disabilities Services Administration	Add Authority for Electronic Visit Verification Maintenance and Operation	Total: \$550.0 \$412.5 Fed Rcpts (Fed) \$137.5 GF/Match (UGF)	Last session, the division received capital funding (Ch. 3, SLA 2019 (SB19)) to implement a federally required Electronic Visit Verification system to more closely monitor in-home service delivery. This increment represents the ongoing maintenance and operations costs.
12	Departmental Support Services / Commissioner's Office	Add Positions (06-#217, 06-#218, 06-219 and 06#220) and Authority to the Commissioner's Office for Reorganization	Total: \$632.9 \$253.2 Fed Rcpts (Fed) \$379.7 Gen Fund (UGF) 4 PFT Positions	This increment requests one new Deputy Commissioner, one Special Assistant to the Commissioner, and two Project Coordinators to support a new unit to provide direct oversight and leadership to the Office of Children's Services and the Division of Juvenile Justice. The federal and UGF distribution of costs is attributed to the department's federally approved Public Assistance Cost Allocation Plan; the "Office of the Commissioner Cost Center" (which includes the Commissioner, Deputy Commissioners, and Administrative Staff) historically sees a 40% Federal/ 60% State split between fund sources due to allocations to multiple federal and state programs.
13	Medicaid Services / Medicaid Services	Add Authority for Emer. Medical Transport Service Payments (Ch34 SLA2018 (HB176))	Total: \$21,891.2 \$11,163.4 Fed Rcpts (Fed) \$10,727.8 Stat Desig (Other)	Add authority for Emergency Medical Transport Service Payments based on the bill's fiscal note. This legislation directed the department to develop a program to provide supplemental reimbursement to eligible ground/air/water emergency medical transportation service providers for the cost of providing services to Medicaid recipients. The department received approval to the State Plan Amendment (SPA) from CMS on November 7,

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14	Medicaid Services / Medicaid Services	Add UGF and Federal Authority to Cover Anticipated FY21 Medicaid Shortfall	Total: \$263,400.0 \$143,400.0 Fed Rcpts (Fed) \$120,000.0 GF/ Match (UGF)	Medicaid cost containment measures presented during the 2019 session have not materialized as projected. The FY20 UGF budget for the Medicaid Services appropriation (not including Adult Preventative Dental) is down \$151 million from the FY19 Final Budget, which included a \$15 million UGF supplemental. Moving into FY21, this requested increment would bridge a large portion of the funding gap and bring FY21 funding levels more in line with recent years' Medicaid budgets. Fiscal Analyst Comment: A FY20 supplemental request of a similar amount is likely. Medicaid is an entitlement program; anyone meeting state eligibility requirements can obtain the services of a Medicaid health care provider and the State and the federal government must pay for those services. The department has recently contracted with PCG Consulting to pursue unexplored short-term savings as well as develop a long-term, strategic road map for both the Medicaid and Public Assistance programs.
15	Medicaid Services / Adult Preventative Dental Medicaid Services	Restore Adult Preventive Dental Program	\$8,273.6 GF/ Match (UGF)	During the 2019 legislative session, the Governor proposed eliminating Adult Preventative Dental Medicaid services as part of Medicaid cost containment. The legislature denied the decrement -- \$8,273.6 UGF and \$18,370.9 Federal -- as well as added intent language to maintain the program. The Governor vetoed the funding, however, due to an error in the signed/vetoed bill, only the UGF portion, \$8.3 million, was vetoed while the \$18.3 million in federal authority remained. Additionally, there were legal issues with CMS that prevented the program from ending on July 1, 2019. DHSS issued a statement that benefits would continue through the first quarter and be discontinued on October 1, 2019. The Governor has now reversed the decision to terminate Adult Preventative Dental benefits and requests that the vetoed funding be restored.

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15	Medicaid Services / Adult Preventative Dental Medicaid Services	Restore Adult Preventive Dental Program	\$8,273.6 GF/ Match (UGF)	(continued) Fiscal Analyst Comment: A supplemental request for a similar amount is anticipated.