

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version: SB 124  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB124-DOH-MS-2-4-2022  
Title: MENTAL HEALTH FACILITIES & MEDS  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: (S) HSS

Department: Department of Health  
Appropriation: Medicaid Services  
Allocation: Medicaid Services  
OMB Component Number: 3234

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2023	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2023 Request	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>OPERATING EXPENDITURES</b>	<b>FY 2023</b>	<b>FY 2023</b>						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	150.0		300.0	300.0	300.0	300.0	300.0	300.0
Miscellaneous								
<b>Total Operating</b>	<b>150.0</b>	<b>0.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>

## Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	150.0		300.0	300.0	300.0	300.0	300.0	300.0
<b>Total</b>	<b>150.0</b>	<b>0.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>

## Positions

Full-time								
Part-time								
Temporary								

## Change in Revenues

None								
<b>Total</b>	<b>0.0</b>							

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2023) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/24

## Why this fiscal note differs from previous version/comments:

This fiscal note has been updated to reflect FY23 and the change to the Department of Health. Changes include reassessment of DES/DET costs.

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Division: Finance and Management Services	Date: 01/07/2022
Approved By: Sylvan Robb, Assistant Commissioner	Date: 01/24/22
Agency: Department of Health and Social Services	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2022 LEGISLATIVE SESSION

BILL NO. SB124

### Analysis

Introduction of this bill is required to fulfill the department's obligations under the settlement in Case No. 3AN-18-9814 CI with the Disability Law Center (DLC) entered into on September 3, 2020. The settlement includes a requirement that the department improve capacity for individuals to receive timely evaluations and treatment in the least restrictive settings. Crisis stabilization services will free up public safety resources for Police and Alaska State Troopers, Corrections, and the Court System.

Our current system relies on law enforcement, emergency medical services (EMS), and hospital emergency rooms to serve people in behavioral health crisis. Crisis stabilization services provide an opportunity to divert individuals experiencing a behavioral health emergency to the appropriate level of behavioral health treatment.

Without these services, law enforcement officers are often the first to respond and continually engage with individuals in behavioral health crisis, which is largely outside of their scope of training. Increasing the availability of crisis stabilization services across Alaska allows law enforcement to focus more on crime prevention and other law enforcement activities.

This bill allows a new facility type to seek departmental designation to become "evaluation facilities" for involuntary commitment, similar to current Designated Evaluation and Stabilization (DES) and Designated Evaluation and Treatment (DET) centers, thereby expanding capacity for psychiatric stabilization and treatment.

State regulatory guidance currently allows only hospitals to be designated as DES/DET entities. This bill authorizes DES/DET like services to be implemented at non-hospital locations if designated by the department in advance of state regulation updates. The department will adopt regulations as soon as possible, on or before 7/1/2024.

The non-hospital locations contemplated in this bill include a 23-hour crisis observation and stabilization center. A 23-hour crisis observation and stabilization center will provide prompt observation and stabilization services to individuals presenting with acute symptoms of acute or emotional distress for up to 23-hours and 59 minutes in a secure environment. A short-term crisis residential center is a medically monitored short-term residential program in a facility that provides 24/7 psychiatric stabilization.

The department estimates that two new hospitals, that qualify for disproportionate share funding (DSH), will seek departmental designation to become a DES/DET facility. This fiscal note analysis reflects the increase in federal receipts that will be needed for new DES/DET facilities that are hospitals and that qualify to receive DSH funding. As DSH funding is composed of a state and federal match, this fiscal note reflects the DSH federal match which is funded through Medicaid. We estimate that \$100.0 in federal receipts will be needed in FY2022 for the first new hospital, and that an additional \$100.0 in federal receipts will be needed in FY2023 for a second DES/DET hospital. This results in a total federal receipt increase of \$200.0 for FY2023 and beyond. This amount reflects the lowest average of DES/DET expenditures from a look back period of 5 years. The lowest average was used due to an anticipated decrease in the utilization of DES/DET services as a result of 23-hour crisis stabilization services.

While a significant number of service recipients will be Medicaid eligible, not all recipients seeking services will be Medicaid eligible and not all costs incurred will be reimbursable by Medicaid. A facility operating as a DES/DET does not have the option to refuse service, and therefore will incur unpaid costs. DES/DET facilities use the "no wrong door" approach, where any individual, regardless of their ability to pay, will receive services when ordered there by a court as a civil commitment. Once an individual is court ordered to a DES/DET, the facility is responsible for evaluation and treatment, as well as payment for qualified staff to deliver DES/DET services, even if the client has no insurance payor.

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**Analysis**

The 1115 Behavioral Health Medicaid Waiver (1115 Waiver) will pay for DES/DET services when the 1115 Waiver crisis stabilization services are provided by a Medicaid provider with an 1115 Waiver specialty and the patient is a Medicaid patient. The estimated uptick in Medicaid recipients receiving Medicaid services in these new facilities has already been included as part of the Medicaid budget and is not included as part of this fiscal note. This fiscal note serves to compensate providers when there is no other payor source, in an amount that is sufficient to pay for DES/DET services.