

Department of Health
FY2024 - Summary of Significant Budget Issues
(\$ thousands)

Narrative report for significant items in the Governor's FY24 budget.

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Increased Statutory Distribution of Restorative Justice Account Funding	\$416.4 Rest Just (Other)	<p>This increment represents an increase of available funding based on a statutory distribution model that is tied to the appropriated amount to pay out the Permanent Fund Dividend in a given year. This increase will result in additional grant availability for behavioral health treatment and recovery for FY24.</p> <p>The amount of Restorative Justice Account funding available for appropriation in FY24 is greater than the FY23 amount due to the legislature appropriating a significantly larger Permanent Fund Dividend in 2022. In FY23, the calculation was based on 7,700 ineligible Alaskans and a \$1,114 dividend for the qualifying 2020 calendar year, and in FY24 it is based on 7,646 ineligible Alaskans and a \$3,284 dividend for the qualifying 2021 calendar year.</p> <p>The calculation outlined under Alaska Statute (AS) 43.23.048 can generate significant volatility for this fund source, as it is based on the number of individuals who are ineligible for a dividend under AS 43.23.005(d) due to their criminal convictions, and the dividend amount that they would have otherwise received. Those 'forfeited funds' are available in the subsequent budget cycle for appropriation to eligible agencies.</p> <p>AS 43.23.048(b) outlines the following purposes and percentages, in priority order: 10%-13%: (Fund Cap) Crime Victims Compensation Fund - FY24 Gov is 13% 2%-6%: (Leg) Office of Victims' Rights - FY24 Gov is 4% 1%-3%: (DPS) Nonprofits for services for crime victims and domestic violence and sexual assault programs - FY24 Gov is 2% 1%-3%: (DOH) Nonprofits for mental health services and substance abuse treatment for offenders - FY24 Gov is 2% 79%-88%: (DOC) Costs related to incarceration or probation - FY24 Gov is 79%</p>

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2	Various	MH Trust: Continuing Trust Recommendations Not Reflected in FY2024 Budget Proposal	(\$533.0) GF/MH (UGF)	<p>The Mental Health Trust Authority (MHTA, or Trust) is a State corporation located within the Department of Revenue. Each year, the Trust submits a "zero-based" budget for Mental Health Trust Authority Authorized Receipts (MHTAAR). This means that all MHTAAR funding in State agencies is removed from the adjusted base and reconsidered by the Trust on an annual basis.</p> <p>In addition to MHTAAR funding, the Trust makes recommendations involving general funds, specifically General Funds - Mental Health (GF/MH). In the FY24 budget proposal, the Governor did not elect to include all of the recommendations for GF/MH-funded items that were put forward by the Trust, including GF/MH for continuing programs that had been supported with this fund source in prior fiscal years. The removal of out-year funding for multi-year items is reflected as decrements.</p> <p>Items that were previously supported with GF/MH in FY23 but are <i>not</i> included in the Governor's FY24 operating budget are as follows:</p> <p>Behavioral Health, Behavioral Health Administration (\$50.0) for Peer Support Certification (FY21-FY25) - FY23 funding for this purpose was \$130.0 MHTAAR and \$50.0 GF/MH. FY24 Trust recommendations were for \$100.0 MHTAAR and \$100.0 GF/MH.</p> <p>Public Health, Emergency Programs (\$75.0) for Comprehensive Program Planning Coordinator (FY21-FY28)</p> <p>Public Health, Chronic Disease Prevention and Health Promotion (\$45.0) for Beneficiary Mental Health Status Data Collection (FY22-FY32)</p> <p>Senior and Disability Services, Community Based Grants (\$250.0) for Maintaining Aging and Disability</p>

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2	Various	MH Trust: Continuing Trust Recommendations Not Reflected in FY2024 Budget Proposal	(\$533.0) GF/MH (UGF)	<p>(continued) Resource Centers (FY22-FY26)</p> <p>Senior and Disability Services, Administration (\$63.0) for IT Application/Telehealth Service System Improvements (FY16-FY25)</p> <p>Senior and Disability Services, Governor's Council on Disabilities and Special Education (GCDSE) (\$50.0) for GCDSE Joint Staffing (FY18-FY28)</p> <p>In addition to existing initiatives that had received GF/MH support in FY23, there were also new FY24 recommendations for GF/MH funding that were not included in the current proposal:</p> <p>Behavioral Health \$100.0 increase to Crisis Now Continuum of Care Grants (FY23-FY26) - FY23 funding level of \$900.0 is maintained in FY24 proposal \$500.0 for expanding Crisis Now Continuum of Care Grants (FY24-FY25)</p> <p>Department Support Services \$1,150.0 for Home Modifications and Upgrades</p>
3	Public Assistance / Various	Convert Maintenance of Effort for Temporary Assistance to Multi-Year Appropriation	Net Zero	<p>The Division of Public Assistance seeks to convert the State's maintenance of effort for temporary assistance to a language item, to allow for a multi-year appropriation (FY24-FY25) of general fund match for temporary assistance activity in two allocations within the Division. The Division states that the determination of whether the State meets participation thresholds is not made until after the end of the State's fiscal year. If the thresholds are met, the maintenance of effort requirements are reduced, and the Division could potentially lapse general funds. The flexibility of a multi-year appropriation allows the Division time to make the determination of potential lapse.</p> <p>The numbers allocations impacted by this shift of funding to language are as follows:</p>

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3	Public Assistance / Various	Convert Maintenance of Effort for Temporary Assistance to Multi-Year Appropriation	Net Zero	(continued) Alaska Temporary Assistance Program: \$210.4 Tribal Assistance Program: \$2,807.4
4	Public Health / Various	Adopt Recommendations in the Alaska Tuberculosis Elimination Plan	\$2,760.0 Gen Fund (UGF)	<p>The Division of Public Health proposes increments in three allocations for the purpose of enacting recommendations from the Alaska Tuberculosis Elimination Plan to combat the high incidence of tuberculosis (TB) throughout Alaska. The Division highlights that Alaska's indigenous population has historically been disproportionately impacted by this disease and that those trends continue today; the Alaska TB Elimination Plan outlines strategies aimed at reducing the TB infection rate by 25% in Alaska Native peoples by 2031.</p> <p>Recommendations that the Division plans to implement include expanding the targeted TB screening and treatment capacity statewide, in order to detect and treat latent TB before it becomes active and infectious. To achieve this, the Division will recruit qualified public health nurses who will operate in rural, high-incidence parts of the state. The Division will expand the electronic Directly Observed Therapy (eDOT) pilot program and will further evaluate the epidemiology of endemic TB in rural Alaska, including factors such as the housing shortages and other economic challenges.</p> <p>Funding is requested in the following allocations: Nursing: \$585.0 Epidemiology: \$1,950.0 Public Health Laboratories: \$225.0</p>
5	Public Health / Emergency Programs	Fifth Year of Medical Provider Incentives and Loan Repayment (Ch15 SLA2019 (SB93))	\$955.6 Stat Desig (Other)	Senate Bill 93 (Ch. 15, SLA 2019) replaced the Division of Public Health's previous loan repayment and incentive program, Supporting Health Access (through loan) Repayment Program, or SHARP-2. Under SB 93, the Health Care Professionals Workforce Enhancement Program (nicknamed SHARP-3) was established to address the shortage of health care professionals in Alaska by setting agreements with qualified health care professionals wherein they would work for three years in underserved areas in exchange for repayment of

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5	Public Health / Emergency Programs	Fifth Year of Medical Provider Incentives and Loan Repayment (Ch15 SLA2019 (SB93))	\$955.6 Stat Desig (Other)	<p>(continued) student loans or direct incentives.</p> <p>While the prior program, SHARP-2, was funded with unrestricted general funds, the current program established under SB 93 is entirely supported by employers in the form statutory designated program receipts (SDPR). Maximum payment amounts are set in statute and are adjusted by the five-year average of the Consumer Price Index.</p> <p>This increment represents year five of projected out-year costs in the Department's original fiscal note associated with the enacted legislation.</p>
6	Public Health / Various	Support Efforts to Eliminate Congenital Syphilis	\$4,000.0 Gen Fund (UGF)	<p>In 2019 Alaska ranked in the top ten states nationally for prevalence of sexually-transmitted diseases, and in 2020 Alaska reached the highest number of congenital syphilis (CS) cases ever recorded in the state. CS occurs when a pregnant person who is infected with syphilis transmits the infection to the fetus.</p> <p>The Division of Public Health proposes increments in two allocations that will provide resources for increasing the testing and treatment capacity of CS statewide, as well as to obtain necessary supplies for this purpose. Other actions to be undertaken included launching a campaign to inform the public about how to prevent the transmission of CS and other sexually-transmitted diseases, focusing in particular on at-risk populations such as those with a substance abuse disorder or who may be experiencing homelessness.</p> <p>Funding is requested in the following allocations: Epidemiology: \$3,295.0 Public Health Laboratories: \$705.0</p>
7	Senior and Disabilities Services / Senior and Disabilities Community Based Grants	Senior and Disabilities Community Based Grants and the Centers for Independent Living	\$1,498.2 Gen Fund (UGF)	<p>This increment would provide increased grant funding for the Senior and Disabilities Community-Based Grants allocation, as well as increased grants to the four grantee Centers for Independent Living that currently exist in the state.</p> <p>The proposed increment includes \$586.0 for Centers for Independent Living. These Centers are community-based, cross-disability, non-profit</p>

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7	Senior and Disabilities Services / Senior and Disabilities Community Based Grants	Senior and Disabilities Community Based Grants and the Centers for Independent Living	\$1,498.2 Gen Fund (UGF)	(continued) organizations that are designed and operated by people with disabilities. The four grantee Centers provide expertise and assistance to individuals with disabilities so that they may live independently through the use of assistive technology, benefits counseling, job skill training, transportation, modifications and accommodations for the home and workplace, and other benefits. The remaining \$912.2 will be distributed through the allocation's grant process to support the senior and disability communities.
8	Departmental Support Services / Commissioner's Office	Establish the Office of Health Savings	Total: \$1,046.2 \$523.1 Fed Rcpts (Fed) \$523.1 GF/Match (UGF)	The Department states that this new Office of Health Savings will focus on addressing the high cost of health care in Alaska, implementing innovative payment models, and working with the Department of Law to obtain specialized, in-depth knowledge in order to improve the value of existing contracts and secure additional recoveries for the Department of Health. The initial focus for the office will include finding additional savings within the Medicaid program, reducing pharmaceutical costs, and improving access to critical medications for both those covered by Medicaid and those not covered by Medicaid.
9	Departmental Support Services / Information Technology Services	Invest in Line of Business Information Technology	Total: \$1,560.5 \$72.0 Fed Rcpts (Fed) \$1,488.5 I/A Rcpts (Other) 10 PFT Positions	The Information Technology Services allocation seeks an increment to support ten new personnel for line-of-business activity within the Department. As manual and paper-based processes have been replaced with digitized recordkeeping and online applications, the Department states that staff capacity and expertise have not grown with these changes to support the new business model. In addition to supporting the Department's 180+ applications, the ten new positions will be responsible for the completion of cyber attack recovery efforts, fiscal agent on-boarding for the Medicaid Management Information System (MMIS), completing the SharePoint migration that began in 2019, supporting a version update for the Laboratory Information Management System (LIMS), moving multiple internal applications to vendor-hosted

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9	Departmental Support Services / Information Technology Services	Invest in Line of Business Information Technology	Total: \$1,560.5 \$72.0 Fed Rcpts (Fed) \$1,488.5 I/A Rcpts (Other) 10 PFT Positions	(continued) solutions, and facilitating multiple end-of-life system upgrades. The following ten positions are requested in the Information Technology Services allocation: 1. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 2. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 3. Data Processing Manager 1, range 22, located in Juneau 4. Database Specialist 3, range 22, located in Juneau 5. Analyst/Programmer 4, range 20, located in Juneau 6. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 7. Systems Programmer 1/2/3, range 20/22/23, located in Juneau 8. Microcomputer/Network Specialist 1/2, range 18/20, located in Juneau 9. Microcomputer/Network Technician 1/2, range 14/16, located in Juneau 10. Program Coordinator 2, range 20, located in Juneau
10	Medicaid Services / Medicaid Services	Extend Postpartum Medicaid Coverage	\$2,600.0 Gen Fund (UGF)	Medicaid and the Children's Health Insurance Program, known as CHIP, both contribute significantly to the care of pregnant and postpartum Alaskans but currently the State only provides coverage for up to a maximum of 60 days postpartum. This increment request would allow the extension of postpartum Medicaid coverage from 60 days to 12 months, which is consistent with national trends. Many states have already extended postpartum coverage to address the high incidence of maternal morbidity and mortality in the United States as compared to other developed nations. Additional funds to allow for extended postpartum coverage will result in improved health outcomes for Alaskans, including chronic disease prevention, reduced maternal morbidity, and better resources for maternal mental health.

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11	Medicaid Services / Medicaid Services	Medicaid Utilization and Inflation Due to the Public Health Emergency Wind Down	\$18,132.6 GF/ Match (UGF)	<p>The Department of Health states that the U.S. Department of Health and Human Services has issued guidance for states as the federal public health emergency (PHE) winds down, including to prepare for the end of the enhanced federal medical assistance percentage (FMAP). While the Department is expecting the full enhanced FMAP to end on March 31, 2023, a step-down approach to the enhanced FMAP is anticipated to occur during the end of FY23 and through the first half of FY24. The eventual return to the standard rate for the FMAP will mean that the State's share of Medicaid costs will increase. Furthermore, factors such as increased utilization due to delayed care during the pandemic, an Indian Health Services rate increase of 17 percent, and overall inflation will require an increase in State-supported funds.</p> <p>Fiscal Analyst Comment: The Governor's FY24 budget proposal also includes a language item that requests open-ended federal receipt authority in FY24, which may be used for but is not limited to accepting federal receipts for the purpose of responding to the COVID-19 pandemic. Similar requests for open-ended authority have been granted in FY20 through FY23, but against the backdrop of an evolving and continuing PHE which required additional flexibility in federal receipt authority in order to respond to imminent public health and safety concerns.</p> <p>Items 11 and 12 are related.</p>
12	Medicaid Services / Medicaid Services	FY24 Open-Ended Federal Receipt Authority	Net Zero	<p>The legislature approved open-ended federal authority in FY20, FY21, FY22, and FY23 in response to COVID-19. The Department has indicated that this authority is requested for both COVID and non-COVID activities.</p> <p>Items 11 and 12 are related.</p>

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