

CS FOR HOUSE BILL NO. 312(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 2/29/08

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act making appropriations for the operating and capital expenses of the state's**
2 **integrated comprehensive mental health program; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 (SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

1 * **Section 1.** The following appropriation items are for operating expenditures from the
 2 general fund or other funds as set out in section 2 of this Act to the agencies named for the
 3 purposes expressed for the fiscal year beginning July 1, 2008 and ending June 30, 2009,
 4 unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated
 5 reduction set out in this section may be allocated among the appropriations made in this
 6 section to that department, agency, or branch.

	Appropriation	General	Other
	Allocations	Items	Funds
	Funds	Funds	Funds
	*****	*****	
	*****	*****	
	***** Department of Administration *****		
	*****	*****	
Legal and Advocacy Services	1,875,100	1,736,300	138,800
Office of Public Advocacy	1,581,700		
Public Defender Agency	293,400		
	*****	*****	
	*****	*****	
	***** Department of Corrections *****		
	*****	*****	
Population Management	611,500	611,500	
Offender Habilitation	611,500		
Programs			
Inmate Health Care	6,140,400	5,930,400	210,000
Inmate Health Care	6,140,400		
	*****	*****	
	*****	*****	
	***** Department of Education and Early Development *****		
	*****	*****	
Teaching and Learning Support	339,800	39,800	300,000
Student and School	339,800		
Achievement			
Alaska Postsecondary	200,000		200,000
Education Commission			
Program Administration &	200,000		

1	Appropriation	General	Other
2	Allocations	Items	Funds
3	Operations		
4	*****	*****	
5	***** Department of Health and Social Services *****		
6	*****	*****	

7 No money appropriated in this appropriation may be expended for an abortion that is not a
8 mandatory service required under AS 47.07.030(a). The money appropriated for Health and
9 Social Services may be expended only for mandatory services required under Title XIX of the
10 Social Security Act and for optional services offered by the state under the state plan for
11 medical assistance that has been approved by the United States Department of Health and
12 Human Services. This statement is a statement of the purpose of the appropriation and is
13 neither merely descriptive language nor a statement of legislative intent.

14 It is the intent of the legislature that the Department continues to aggressively pursue
15 Medicaid cost containment initiatives. Efforts should continue where the Department
16 believes additional cost containment is possible including further efforts to contain travel
17 expenses. The Department must continue efforts imposing regulations controlling and
18 materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be
19 continued utilizing existing resources to impose regulations screening applicants for
20 Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state
21 services. The department must address the entire matrix of optional Medicaid services,
22 reimbursement rates and eligibility requirements that are the basis of the Medicaid growth
23 algorithm. This work is to utilize the results of the Medicaid Assessment and Planning
24 analysis. The legislature requests that by January 2009 the Department be prepared to present
25 projections of future Medicaid funding requirements under our existing statute and regulations
26 and be prepared to present and evaluate the consequences of viable policy alternatives that
27 could be implemented to lower growth rates and reducing projections of future costs.

28 It is the intent of the legislature that the department continues to evaluate (and, where
29 possible, proceed to incorporate) an asset test in Denali KidCare and other Child Care
30 Benefits programs' eligibility criteria that includes the value of assets leased and not owned by
31 the applicant. The department should report to the legislature, no later than January 20, 2009,
32 possible asset test structures, their projected consequences on program participants and any
33 necessary changes to statute, regulation or Alaska's Medicaid State Plan. The report should

		Appropriation	General	Other
	Allocations	Items	Funds	Funds

3 identify any federal restrictions on asset tests and any potential consequence of an asset test
4 on the availability of federal funding.

5 **Alaska Pioneer Homes** **13,353,200** **13,353,200**

6 It is the intent of the legislature that the Department maintain regulations requiring all
7 residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state
8 subsidy being provided for their care from the State Payment Assistance program.

9 It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall
10 complete any forms to determine eligibility for supplemental program funding, such as
11 Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant
12 is not able to complete the forms him/herself, or if relatives or guardians of the applicant are
13 not able to complete the forms, Department of Health and Social Services staff may complete
14 the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility
15 per AS 47.25.120.

16 Alaska Pioneer Homes 64,300

17 Management

18 Pioneer Homes 13,288,900

19 **Behavioral Health** **108,494,500** **85,551,000** **22,943,500**

20 Alcohol Safety Action 335,500

21 Program (ASAP)

22 Behavioral Health Medicaid 44,066,900

23 Services

24 Behavioral Health Grants 20,672,100

25 It is the intent of the legislature that the department continue developing polices and
26 procedures surrounding the awarding of recurring grants to assure that applicants are regularly
27 evaluated on their performance in achieving outcomes consistent with the expectations and
28 missions of the Department related to their specific grant. The recipient's specific
29 performance should be measured and incorporated into the decision whether to continue
30 awarding grants. Performance measurement should be standardized, accurate, objective and
31 fair, recognizing and compensating for differences among grant recipients including acuity of
32 services provided, client base, geographic location and other factors necessary and appropriate
33 to reconcile and compare grant recipient performances across the array of providers and

		Appropriation	General	Other
	Allocations	Items	Funds	Funds

3 services involved.

4 It is the intent of the legislature that the \$750.0 increment in the FY09 budget for behavioral
5 health grants be used exclusively to provide additional base funding for existing core services
6 of current grantee providers of adolescent and adult substance abuse intervention or treatment
7 services, who have demonstrated successful outcomes documented in accordance with the
8 Department's performance based evaluation procedures. The Department should continue
9 work on implementing a provider rate rebasing process and specific funding
10 recommendations for both Medicaid and non-Medicaid providers to be completed and
11 available to the legislature no later than December 15, 2008.

12	Behavioral Health	2,820,400		
13	Administration			

14 It is the intent of the legislature that the \$200.0 increment in the FY09 budget for the Suicide
15 Prevention Strategy and Implementation Plan be dedicated to developing a best practices,
16 evidence based multi-dimensional strategy and implementation plan to reduce the rates of
17 suicide in targeted rural regions of the state with the highest current rate of suicide. The
18 strategy and plan must specifically propose the means to reduce the rate of suicide and
19 address various dimensions of the issue including differing age and social demographics of at-
20 risk populations as well as implementation alternatives available in the targeted regions. The
21 plan must be developed in coordination with stakeholders and relevant resources in the
22 targeted regions. The Suicide Prevention Strategy and Implementation Plan must be
23 completed and available to the legislature no later than December 15, 2008.

24	Community Action Prevention	958,100		
25	& Intervention Grants			
26	Rural Services and Suicide	2,115,200		
27	Prevention			
28	Psychiatric Emergency	7,893,000		
29	Services			
30	Services to the Seriously	12,474,200		
31	Mentally Ill			
32	Designated Evaluation and	1,761,900		
33	Treatment			

		Appropriation	General	Other
		Allocations	Funds	Funds
		Items		
1				
2				
3	Services for Severely	9,952,200		
4	Emotionally Disturbed Youth			
5	Alaska Psychiatric Institute	5,319,400		
6	Suicide Prevention Council	125,600		
7	Children's Services	12,209,200	11,979,200	230,000
8	Children's Medicaid Services	4,185,600		
9	Children's Services	64,100		
10	Management			
11	Front Line Social Workers	148,600		
12	Family Preservation	150,000		
13	Foster Care Augmented Rate	500,000		
14	Foster Care Special Need	747,900		
15	Residential Child Care	1,956,300		
16	Infant Learning Program	4,456,700		
17	Grants			
18	Adult Preventative Dental	1,400,000		1,400,000
19	Medicaid Services			
20	It is the intent of the legislature that the Adult Preventative Dental Medicaid Services not over			
21	spend authority granted by authorizing statute and adjust benefits available to individual			
22	participants as necessary to maintain and conduct the program throughout the entire fiscal			
23	year.			
24	Adult Preventative Dental	1,400,000		
25	Medicaid Services			
26	Juvenile Justice	945,500	745,800	199,700
27	McLaughlin Youth Center	654,500		
28	Fairbanks Youth Facility	101,000		
29	Bethel Youth Facility	56,700		
30	Probation Services	133,300		
31	Public Health	798,300	593,300	205,000
32	Women, Children and Family	500,000		
33	Health			

	Appropriation	General	Other
	Allocations	Funds	Funds
1			
2			
3	Certification and Licensing	120,000	
4	Community Health Grants	98,300	
5	Health Planning and	80,000	
6	Infrastructure		
7	It is the intent of the legislature that, in accordance with AS 37.05.316, \$250,000 in general		
8	funds be provided as a grant to Anchorage Project Access.		
9	Senior and Disabilities	14,474,600	13,721,900
10	Services		752,700
11	It is the intent of the legislature that regulations related to the General Relief / Temporary		
12	Assisted Living program be reviewed and revised as needed to minimize the length of time		
13	that the state provides housing alternatives and assure the services are provided only to		
14	intended beneficiaries who are actually experiencing harm, abuse or neglect. The department		
15	should educate care coordinators and direct service providers about who should be referred		
16	and when they are correctly referred to the program in order that referring agents correctly		
17	match consumer needs with the program services intended by the department.		
18	General Relief/Temporary	740,300	
19	Assisted Living		
20	Senior and Disabilities	2,390,100	
21	Services Administration		
22	Senior Community Based	3,419,400	
23	Grants		
24	Community Developmental	7,924,800	
25	Disabilities Grants		
26	Departmental Support Services	1,758,400	1,758,400
27	Commissioner's Office	105,000	
28	It is the intent of the legislature that the Department of Health and Social Services complete		
29	the following tasks related to fiscal audits required in CHAPTER 66, SLA 2003 of all		
30	Medicaid providers:		
31	1. Develop regulations addressing the use of extrapolation methodology following an audit of		
32	Medicaid providers that clearly defines the difference between actual overpayment of funds to		
33	a provider and ministerial omission or clerical billing error that does not result in		

	Appropriation	General	Other
	Allocations	Items	Funds
		Funds	Funds

overpayment to the provider. The extrapolation methodology will also define percentage of "safe harbor" overpayment rates for which extrapolation methodology will be applied.

2. Develop training standards and definitions regarding ministerial and billing errors versus overpayments. Include the use of those standards and definitions in the State's audit contracts. All audits initiated after the effective date of this intent and resulting in findings of overpayment will be calculated under the Department's new regulations governing overpayment standards and extrapolation methodology.

It is the intent of the legislature that the department develops a ten year funding source and use of funds projection for the entire department.

It is the intent of the legislature that the department continue working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2008.

16	Administrative Support	476,100		
17	Services			
18	Information Technology	827,300		
19	Services			
20	HSS State Facilities Rent	350,000		
21	Boards and Commissions		1,787,300	465,400
22	AK Mental Health & Alcohol	849,000		
23	& Drug Abuse Boards			
24	Commission on Aging	193,600		
25	Governor's Council on	744,700		
26	Disabilities and Special			
27	Education			
28		*****	*****	
29		*****	Department of Law	*****
30		*****	*****	
31	Civil Division		76,800	76,800
32	Human Services and Child	76,800		
33	Protection			

	Appropriation	General	Other
	Allocations	Items	Funds
		Funds	Funds
1			
2			
3	*****	*****	
4	*****	Department of Natural Resources	*****
5	*****	*****	
6	Resource Development	1,686,400	1,686,400
7	Mental Health Trust Lands	1,686,400	
8	Administration		
9	*****	*****	
10	*****	Department of Revenue	*****
11	*****	*****	
12	Alaska Mental Health Trust	2,467,000	2,467,000
13	Authority		
14	Mental Health Trust	2,467,000	
15	Operations		
16	*****	*****	
17	*****	University of Alaska	*****
18	*****	*****	
19	Statewide Programs and	390,000	390,000
20	Services		
21	Statewide Programs &	390,000	
22	Services		
23	University of Alaska Campuses	1,528,300	295,800
24	Anchorage Campus	1,488,300	
25	Fairbanks Campus	40,000	
26	*****	*****	
27	*****	Alaska Court System	*****
28	*****	*****	
29	Alaska Court System	1,577,700	589,900
30	Trial Courts	1,577,700	
31			

(SECTION 2 OF THIS ACT BEGINS ON PAGE 10)

1 * **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of
 2 this Act.

3 Funding Source	Amount
4 Department of Administration	
5 1037 General Fund / Mental Health	1,736,300
6 1092 Mental Health Trust Authority Authorized	138,800
7 Receipts	
8 *** Total Agency Funding ***	\$1,875,100
9 Department of Corrections	
10 1037 General Fund / Mental Health	6,541,900
11 1092 Mental Health Trust Authority Authorized	210,000
12 Receipts	
13 *** Total Agency Funding ***	\$6,751,900
14 Department of Education and Early Development	
15 1037 General Fund / Mental Health	39,800
16 1092 Mental Health Trust Authority Authorized	500,000
17 Receipts	
18 *** Total Agency Funding ***	\$539,800
19 Department of Health and Social Services	
20 1037 General Fund / Mental Health	128,168,200
21 1092 Mental Health Trust Authority Authorized	8,140,500
22 Receipts	
23 1180 Alcohol and Other Drug Abuse Treatment &	18,912,300
24 Prevention Fund	
25 *** Total Agency Funding ***	\$155,221,000
26 Department of Law	
27 1037 General Fund / Mental Health	76,800
28 *** Total Agency Funding ***	\$76,800
29 Department of Natural Resources	
30 1092 Mental Health Trust Authority Authorized	1,686,400
31 Receipts	

1	*** Total Agency Funding ***	\$1,686,400
2	Department of Revenue	
3	1094 Mental Health Trust Administration	2,467,000
4	*** Total Agency Funding ***	\$2,467,000
5	University of Alaska	
6	1037 General Fund / Mental Health	295,800
7	1092 Mental Health Trust Authority Authorized	1,622,500
8	Receipts	
9	*** Total Agency Funding ***	\$1,918,300
10	Alaska Court System	
11	1037 General Fund / Mental Health	589,900
12	1092 Mental Health Trust Authority Authorized	987,800
13	Receipts	
14	*** Total Agency Funding ***	\$1,577,700
15	* * * * * Total Budget * * * * *	\$172,114,000
16	(SECTION 3 OF THIS ACT BEGINS ON PAGE 12)	

1 * **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of
2 this Act.

3	Funding Source	Amount
4	General Funds	
5	1037 General Fund / Mental Health	137,448,700
6	***Total General Funds***	\$137,448,700
7	Federal Funds	
8	***Total Federal Funds***	\$0
9	Other Non-Duplicated Funds	
10	1092 Mental Health Trust Authority Authorized	13,286,000
11	Receipts	
12	1094 Mental Health Trust Administration	2,467,000
13	1180 Alcohol and Other Drug Abuse Treatment &	18,912,300
14	Prevention Fund	
15	***Total Other Non-Duplicated Funds***	\$34,665,300
16	Duplicated Funds	
17	***Total Duplicated Funds***	\$0

18 (SECTION 4 OF THIS ACT BEGINS ON PAGE 13)

1 * **Sec. 4.** The following appropriation items are for capital projects and grants from the
 2 general fund or other funds as set out in section 5 of this Act by funding source to the
 3 agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise
 4 noted.

	Appropriation	General	Other
	Allocations	Items	Funds
	*****	*****	
	***** Department of Health and Social Services *****		
	*****	*****	
10	MH Home Modification and	500,000	250,000
11	Upgrades to Retain Housing		250,000
12	(HD 1-40)		
13	MH Treatment and Recovery	750,000	250,000
14	Based Special Needs Housing		500,000
15	(HD 1-40)		
16	*****	*****	
17	***** Department of Natural Resources *****		
18	*****	*****	
19	Mental Health Trust	350,000	350,000
20	Facilities Maintenance (HD		
21	1-40)		
22	Mental Health Trust Land	650,000	650,000
23	Development (HD 1-40)		
24	*****	*****	
25	***** Department of Revenue *****		
26	*****	*****	
27	AHFC Beneficiary and	1,750,000	1,750,000
28	Special Needs Housing (HD		
29	1-40)		
30	AHFC Emergency Assistance	200,000	200,000
31	Grants for Mental Health		

1		Appropriation	General	Other
2		Allocations	Items	Funds
3	Trust Beneficiaries (HD			
4	1-40)			
5	AHFC Homeless Assistance	2,000,000	500,000	1,500,000
6	Program (HD 1-40)			
7	AHFC Housing Trust (HD 1-40)	10,000,000	2,500,000	7,500,000
8	*****		*****	
9	***** Department of Transportation/Public Facilities *****			
10	*****		*****	
11	Coordinated Transportation	1,100,000	800,000	300,000
12	and Vehicles (HD 1-40)			
13	(SECTION 5 OF THIS ACT BEGINS ON PAGE 15)			

1 * **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of
2 this Act.

3	Funding Source	Amount
4	Department of Health and Social Services	
5	1037 General Fund / Mental Health	500,000
6	1092 Mental Health Trust Authority Authorized Receipts	500,000
7	1139 Alaska Housing Finance Corporation Dividend	250,000
8	*** Total Agency Funding ***	\$1,250,000
9	Department of Natural Resources	
10	1092 Mental Health Trust Authority Authorized Receipts	1,000,000
11	*** Total Agency Funding ***	\$1,000,000
12	Department of Revenue	
13	1037 General Fund / Mental Health	3,000,000
14	1092 Mental Health Trust Authority Authorized Receipts	3,200,000
15	1108 Statutory Designated Program Receipts	2,500,000
16	1139 Alaska Housing Finance Corporation Dividend	5,250,000
17	*** Total Agency Funding ***	\$13,950,000
18	Department of Transportation/Public Facilities	
19	1037 General Fund / Mental Health	800,000
20	1092 Mental Health Trust Authority Authorized Receipts	300,000
21	*** Total Agency Funding ***	\$1,100,000
22	* * * * * Total Budget * * * * *	\$17,300,000

23 (SECTION 6 OF THIS ACT BEGINS ON PAGE 16)

1 * **Sec. 6.** The following sets out the statewide funding for the appropriations made in sec. 4 of
2 this Act.

3	Funding Source	Amount
4	General Funds	
5	1037 General Fund / Mental Health	4,300,000
6	***Total General Funds***	\$4,300,000
7	Federal Funds	
8	***Total Federal Funds***	\$0
9	Other Non-Duplicated Funds	
10	1092 Mental Health Trust Authority Authorized	5,000,000
11	Receipts	
12	1108 Statutory Designated Program Receipts	2,500,000
13	1139 Alaska Housing Finance Corporation Dividend	5,500,000
14	***Total Other Non-Duplicated Funds***	\$13,000,000
15	Duplicated Funds	
16	***Total Duplicated Funds***	\$0

17 (SECTION 7 OF THIS ACT BEGINS ON PAGE 17)

1 * **Sec. 7. PURPOSE.** In accordance with AS 37.14.003 and 37.14.005, the appropriations
2 made by this Act are for the state's integrated comprehensive mental health program.

3 * **Sec. 8. NONGENERAL FUND RECEIPTS.** (a) Alaska Mental Health Trust Authority
4 authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the
5 amounts appropriated by this Act are appropriated conditioned upon compliance with the
6 program review provisions of AS 37.07.080(h).

7 (b) If Alaska Mental Health Trust Authority authorized receipts (AS 37.14.036) or
8 administration receipts (AS 37.14.036) fall short of the estimates appropriated in this Act, the
9 affected appropriation is reduced by the amount of the shortfall in receipts.

10 * **Sec. 9. SALARY AND BENEFIT ADJUSTMENTS.** (a) The appropriations made in sec.
11 1 of this Act include amounts for salary and benefit adjustments for public officials, officers,
12 and employees of the executive branch, Alaska Court System employees, employees of the
13 legislature, and legislators and to implement the terms for the fiscal year ending June 30,
14 2009, of the following collective bargaining agreements:

- 15 (1) Alaska Public Employees Association, for the confidential unit;
16 (2) Alaska State Employees Association, for the general government unit;
17 (3) Public Employees Local 71, for the labor, trades and crafts unit;
18 (4) Alaska Correctional Officers Association, representing correctional
19 officers;
20 (5) Teachers' Education Association of Mt. Edgecumbe.

21 (b) The operating budget appropriations made to the University of Alaska in sec. 1 of
22 this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30,
23 2009, for university employees who are not members of a collective bargaining unit and for
24 implementing the monetary terms of the collective bargaining agreements including the terms
25 of the agreement providing for the health benefit plan for university employees represented by
26 the following entities:

- 27 (1) Alaska Higher Education Crafts and Trades Employees;
28 (2) Alaska Community Colleges' Federation of Teachers;
29 (3) United Academics;
30 (4) United Academics-Adjuncts.

31 (c) If a collective bargaining agreement listed in (a) or (b) of this section is not ratified

1 by the membership of the respective collective bargaining unit, the appropriations made by
2 this Act that are applicable to that collective bargaining unit's agreement are reduced
3 proportionately by the amount for that collective bargaining agreement, and the corresponding
4 funding source amounts are reduced accordingly.

5 (d) Appropriations made in sec. 1 of this Act for salary and benefit adjustments as
6 described in (a) and (b) of this section are for the benefit of the state's integrated
7 comprehensive mental health program only and do not necessarily affect every group of
8 noncovered employees or every collective bargaining unit listed in (a) and (b) of this section.

9 * **Sec. 10.** This Act takes effect July 1, 2008.