

CONFERENCE CS FOR HOUSE BILL NO. 83

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE CONFERENCE COMMITTEE

Offered: 4/14/09

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)

*** Section 1.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 2 of this Act to the agencies named for the purposes expressed for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

	Appropriation	General	Other
Allocations	Items	Funds	Funds
*****	*****		
***** Department of Administration *****			
*****	*****		
Legal and Advocacy Services	2,024,500	1,873,200	151,300
Office of Public Advocacy	1,723,100		
Public Defender Agency	301,400		
*****	*****		
***** Department of Corrections *****			
*****	*****		
Inmate Health Care	7,669,900	7,295,900	374,000
Behavioral Health Care	7,669,900		
*****	*****		
***** Department of Education and Early Development *****			
*****	*****		
Teaching and Learning Support	539,800	339,800	200,000
Student and School	539,800		
Achievement			
*****	*****		
***** Department of Health and Social Services *****			
*****	*****		

No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for Health and Social Services may be expended only for mandatory services required under Title XIX of the

1		Appropriation	General	Other
2		Allocations	Items	Funds
3	Social Security Act and for optional services offered by the state under the state plan for			
4	medical assistance that has been approved by the United States Department of Health and			
5	Human Services.			
6	It is the intent of the legislature that the Department continues to aggressively pursue			
7	Medicaid cost containment initiatives. Efforts should continue where the Department			
8	believes additional cost containment is possible including further efforts to contain travel			
9	expenses. The Department must continue efforts imposing regulations controlling and			
10	materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be			
11	continued utilizing existing resources to impose regulations screening applicants for			
12	Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state			
13	services. The department must address the entire matrix of optional Medicaid services,			
14	reimbursement rates and eligibility requirements that are the basis of the Medicaid growth			
15	algorithm. This work is to utilize the results of the Medicaid Assessment and Planning			
16	analysis. The legislature requests that by January 2010 the Department be prepared to present			
17	projections of future Medicaid funding requirements under our existing statute and regulations			
18	and be prepared to present and evaluate the consequences of viable policy alternatives that			
19	could be implemented to lower growth rates and reducing projections of future costs.			
20	It is the intent of the legislature that the Department of Health and Social Services eliminate			
21	the requirement for narrative and financial quarterly reports for all grant recipients whose			
22	grants are \$50,000 or less. This is an unnecessary burden and is not a requirement of the			
23	federal grants.			
24	It is the intent of the legislature that the Department of Health and Social Services make a			
25	single 'upfront' payment for any grant award that is \$50,000 or less and includes a signature of			
26	the grantee certifying compliance with the terms of the grant with their approved application.			
27	Signature of the grantee would also certify that if a final report certifying completion of the			
28	grant requirements is not filed, future grants will not be considered for that grantee until all			
29	requirements of prior grants are completed satisfactorily. In the event a grantee is deemed			
30	ineligible for a future grant consideration due to improper filing of final reports, the grantee			
31	will be informed about the department's procedures for future consideration of grant			
32	eligibility. The department will establish procedures to consider retroactivity for specific grant			
33	consideration or express that the retroactivity cannot be considered for certain grants during			

		Appropriation	General	Other
		Allocations	Items	Funds
1				
2				
3	the selection process.			
4	It is the intent of the legislature that the Department of Health and Social Services continue			
5	the Medicaid Reform work to improve efficiency and slow the need for General Funds in the			
6	Medicaid program. Specifically, but not exclusively, the Department is to:			
7	1) Complete the evaluation of possible changes to program design, determine waiver changes			
8	necessary to secure federal funding and report back to the Second Session of the 26th Alaska			
9	Legislature on suggested changes, expected outcomes related to Medicaid sustainability, and			
10	resources needed to accomplish the work.			
11	2) Develop and implement public provider reimbursement methodologies and payment rates			
12	that will further the goals of Medicaid Reform.			
13	3) Continue and enhance the State and Tribal Medicaid work and partnership to enhance our			
14	ability to provide Medicaid services through Tribal Health Organizations.			
15	It is the intent of the legislature that the Department of Health and Social Services continue			
16	and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid			
17	program.			
18	Alaska Pioneer Homes	13,823,700	13,823,700	
19	It is the intent of the legislature that the Department maintain regulations requiring all			
20	residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state			
21	subsidy being provided for their care from the State Payment Assistance program.			
22	It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall			
23	complete any forms to determine eligibility for supplemental program funding, such as			
24	Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant			
25	is not able to complete the forms him/herself, or if relatives or guardians of the applicant are			
26	not able to complete the forms, Department of Health and Social Services staff may complete			
27	the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility			
28	per AS 47.25.120.			
29	Alaska Pioneer Homes	64,300		
30	Management			
31	Pioneer Homes	13,759,400		
32	Behavioral Health	120,304,800	95,807,900	24,496,900
33	AK Fetal Alcohol Syndrome	59,500		

		Appropriation	General	Other
		Allocations	Funds	Funds
1				
2				
3	Program			
4	Alcohol Safety Action	1,188,300		
5	Program (ASAP)			
6	Behavioral Health Medicaid	43,862,400		
7	Services			
8	Behavioral Health Grants	26,407,300		
9	It is the intent of the legislature that the department continue developing policies and			
10	procedures surrounding the awarding of recurring grants to assure that applicants are regularly			
11	evaluated on their performance in achieving outcomes consistent with the expectations and			
12	missions of the Department related to their specific grant. The recipient's specific			
13	performance should be measured and incorporated into the decision whether to continue			
14	awarding grants. Performance measurement should be standardized, accurate, objective and			
15	fair, recognizing and compensating for differences among grant recipients including acuity of			
16	services provided, client base, geographic location and other factors necessary and appropriate			
17	to reconcile and compare grant recipient performances across the array of providers and			
18	services involved.			
19	It is the intent of the legislature that the \$181.0 increment in the FY10 budget for Behavioral			
20	Health Grants be used for the Volunteers of America ARCH residential treatment center for			
21	adolescents with substance abuse/dependency and co-occurring disorders.			
22	Behavioral Health	3,392,000		
23	Administration			
24	Community Action	1,047,200		
25	Prevention & Intervention			
26	Grants			
27	Rural Services and Suicide	2,135,700		
28	Prevention			
29	Psychiatric Emergency	7,673,000		
30	Services			
31	Services to the Seriously	12,724,200		
32	Mentally Ill			
33	Designated Evaluation and	3,031,900		

		Appropriation	General	Other
		Allocations	Items	Funds
1				
2				
3	Treatment			
4	Services for Severely	11,947,200		
5	Emotionally Disturbed			
6	Youth			
7	Alaska Psychiatric	5,868,700		
8	Institute			
9	AK Mental Health & Alcohol	884,600		
10	& Drug Abuse Boards			
11	Suicide Prevention Council	82,800		
12	Children's Services		13,314,700	12,984,700
13	Children's Medicaid	4,185,600		330,000
14	Services			
15	Children's Services	69,600		
16	Management			
17	Front Line Social Workers	148,600		
18	Family Preservation	150,000		
19	Foster Care Augmented Rate	500,000		
20	Foster Care Special Need	747,900		
21	It is the intent of the legislature that \$100,400 of this appropriation be used to provide funding			
22	for start-up and operational expenses to the Dillingham Therapeutic Foster Home.			
23	Residential Child Care	1,956,300		
24	Infant Learning Program	5,556,700		
25	Grants			
26	Health Care Services		656,000	350,000
27	Health Planning and	656,000		306,000
28	Infrastructure			
29	Juvenile Justice		1,055,100	865,900
30	McLaughlin Youth Center	654,700		189,200
31	Fairbanks Youth Facility	103,700		
32	Bethel Youth Facility	57,100		
33	Probation Services	239,600		

1		Appropriation	General	Other
2		Allocations	Funds	Funds
3	Public Assistance		13,200	
4	Public Assistance	13,200		
5	Administration			
6	Public Health	1,096,800	971,800	125,000
7	Nursing	98,300		
8	Women, Children and Family	877,700		
9	Health			
10	Certification and Licensing	120,800		
11	Senior and Disabilities	15,358,000	13,902,200	1,455,800
12	Services			
13	It is the intent of the legislature that regulations related to the General Relief / Temporary			
14	Assisted Living program be reviewed and revised as needed to minimize the length of time			
15	that the state provides housing alternatives and assure the services are provided only to			
16	intended beneficiaries who are actually experiencing harm, abuse or neglect. The department			
17	should educate care coordinators and direct service providers about who should be referred			
18	and when they are correctly referred to the program in order that referring agents correctly			
19	match consumer needs with the program services intended by the department.			
20	General Relief/Temporary	740,300		
21	Assisted Living			
22	Senior and Disabilities	2,737,900		
23	Services Administration			
24	Senior Community Based	3,069,400		
25	Grants			
26	It is the intent of the legislature that funding in the FY 2010 budget for Senior Community			
27	Based Grants be used to invest in successful home and community based supports provided			
28	by grantees who have demonstrated successful outcomes documented in accordance with the			
29	department's performance based evaluation procedures.			
30	It is the intent of the legislature that \$609,900 of this appropriation be used to hold harmless			
31	those regions that will see a reduction in available grants for Family Caregiver, Nutrition,			
32	Transportation and Support, and In Home Services due to the State's implementation of a new			
33	statewide funding formula.			

		Appropriation	General	Other
		Allocations	Items	Funds
1				
2				
3	Community Developmental	7,924,800		
4	Disabilities Grants			
5	Commission on Aging	117,000		
6	Governor's Council on	768,600		
7	Disabilities and Special			
8	Education			
9	Departmental Support		1,453,800	1,403,800
10	Services			50,000
11	Commissioner's Office	157,800		
12	It is the intent of the legislature that the Department of Health and Social Services complete			
13	the following tasks related to fiscal audits required in chapter 66, SLA 2003 of all Medicaid			
14	providers:			
15	1. Develop regulations addressing the use of extrapolation methodology following an audit of			
16	Medicaid providers that clearly defines the difference between actual overpayment of funds to			
17	a provider and ministerial omission or clerical billing error that does not result in			
18	overpayment to the provider. The extrapolation methodology will also define percentage of			
19	'safe harbor' overpayment rates for which extrapolation methodology will be applied.			
20	2. Develop training standards and definitions regarding ministerial and billing errors versus			
21	overpayments. Include the use of those standards and definitions in the State's audit contracts.			
22	All audits initiated after the effective date of this intent and resulting in findings of			
23	overpayment will be calculated under the Department's new regulations governing			
24	overpayment standards and extrapolation methodology.			
25	It is the intent of the legislature that the department develops a ten year funding source and			
26	use of funds projection for the entire department.			
27	It is the intent of the legislature that the department continue working on implementing a			
28	provider rate rebasing process and specific funding recommendations for both Medicaid and			
29	non-Medicaid providers to be completed and available to the legislature no later than			
30	December 15, 2009.			
31	Administrative Support	91,400		
32	Services			
33	Information Technology	854,600		

		Appropriation	General	Other
		Allocations	Funds	Funds
3	Services			
4	HSS State Facilities Rent	350,000		
5		*****	*****	
6		***** Department of Law *****		
7		*****	*****	
8	Criminal Division		12,500	12,500
9	Criminal Justice	12,500		
10	Litigation			
11	Civil Division		84,500	
12	Human Services and Child	84,500		
13	Protection			
14		*****	*****	
15		***** Department of Natural Resources *****		
16		*****	*****	
17	Resource Development		2,273,400	2,273,400
18	Mental Health Trust Lands	2,273,400		
19	Administration			
20		*****	*****	
21		***** Department of Revenue *****		
22		*****	*****	
23	Alaska Mental Health Trust		2,650,000	2,650,000
24	Authority			
25	Mental Health Trust	2,650,000		
26	Operations			
27		*****	*****	
28		***** University of Alaska *****		
29		*****	*****	
30	Statewide Programs and		474,000	374,000
31	Services			
32	Statewide Services	474,000		
33	University of Alaska		200,800	1,218,000
		1,418,800		

		Appropriation	General	Other
		Allocations	Funds	Funds
3	Anchorage			
4	Anchorage Campus	1,418,800		
5	University of Alaska		25,000	25,000
6	Fairbanks			
7	Fairbanks Campus	25,000		
8		*****	*****	
9		***** Alaska Court System *****		
10		*****	*****	
11	Alaska Court System		1,812,300	837,000
12	Trial Courts	227,000		
13	Therapeutic Courts	1,585,300		
14	It is the intent of the legislature that, as much as is possible, FY 2011 funding for Therapeutic			
15	Courts currently appropriated in other agencies be aggregated in the Therapeutic Courts			
16	allocation within the Alaska Court System.			
17	(SECTION 2 OF THIS ACT BEGINS ON PAGE 11)			

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

Funding Source	Amount
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Department of Administration

1037 General Fund / Mental Health	1,873,200
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1092 Mental Health Trust Authority Authorized	151,300
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Receipts

*** Total Agency Funding ***	\$2,024,500
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Department of Corrections

1037 General Fund / Mental Health	7,295,900
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1092 Mental Health Trust Authority Authorized	374,000
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Receipts

*** Total Agency Funding ***	\$7,669,900
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Department of Education and Early Development

1037 General Fund / Mental Health	339,800
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1092 Mental Health Trust Authority Authorized	200,000
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Receipts

*** Total Agency Funding ***	\$539,800
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Department of Health and Social Services

1037 General Fund / Mental Health	140,123,200
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1092 Mental Health Trust Authority Authorized	7,033,000
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Receipts

1180 Alcohol and Other Drug Abuse Treatment &	19,919,900
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Prevention Fund

*** Total Agency Funding ***	\$167,076,100
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Department of Law

1037 General Fund / Mental Health	84,500
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1092 Mental Health Trust Authority Authorized	12,500
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Receipts

*** Total Agency Funding ***	\$97,000
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Department of Natural Resources

1	1092 Mental Health Trust Authority Authorized	2,273,400
2	Receipts	
3	*** Total Agency Funding ***	\$2,273,400
4	Department of Revenue	
5	1094 Mental Health Trust Administration	2,650,000
6	*** Total Agency Funding ***	\$2,650,000
7	University of Alaska	
8	1037 General Fund / Mental Health	300,800
9	1092 Mental Health Trust Authority Authorized	1,617,000
10	Receipts	
11	*** Total Agency Funding ***	\$1,917,800
12	Alaska Court System	
13	1037 General Fund / Mental Health	837,000
14	1092 Mental Health Trust Authority Authorized	975,300
15	Receipts	
16	*** Total Agency Funding ***	\$1,812,300
17	* * * * * Total Budget * * * * *	\$186,060,800
18	(SECTION 3 OF THIS ACT BEGINS ON PAGE 13)	

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

Funding Source	Amount
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General Funds

1037 General Fund / Mental Health	150,854,400
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Total General Funds	\$150,854,400
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Federal Funds

Total Federal Funds	\$0
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Other Non-Duplicated Funds

1092 Mental Health Trust Authority Authorized	12,636,500
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Receipts

1094 Mental Health Trust Administration	2,650,000
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1180 Alcohol and Other Drug Abuse Treatment &	19,919,900
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Prevention Fund

Total Other Non-Duplicated Funds	\$35,206,400
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Duplicated Funds

Total Duplicated Funds	\$0
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(SECTION 4 OF THIS ACT BEGINS ON PAGE 14)

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

	Appropriation	General	Other
	Allocations	Funds	Funds
	*****	*****	
	***** Department of Health and Social Services *****		
	*****	*****	
MH Continuing Bring the	2,200,000		2,200,000
Kids Home Initiative			
Denali Match (HD 1-40)			
MH Deferred Maintenance	750,000	750,000	
and Accessibility			
Improvements (HD 1-40)			
MH Housing - Home	1,050,000	500,000	550,000
Modification and Upgrades			
to Retain Housing (HD			
1-40)			
	*****	*****	
	***** Department of Natural Resources *****		
	*****	*****	
Mental Health Trust	350,000		350,000
Facilities Maintenance (HD			
1-40)			
	*****	*****	
	***** Department of Revenue *****		
	*****	*****	
Alaska Housing Finance			
Corporation			
MH AHFC Beneficiary and	1,750,000		1,750,000

1		Appropriation	General	Other
2		Allocations	Funds	Funds
3	Special Needs Housing (HD			
4	1-40)			
5	MH AHFC Emergency	200,000		200,000
6	Assistance Grants for			
7	Mental Health Trust			
8	Beneficiaries (HD 1-40)			
9	MH AHFC Homeless	8,000,000	500,000	7,500,000
10	Assistance Program (HD			
11	1-40)			
12	*****		*****	
13	***** Department of Transportation/Public Facilities *****			
14	*****		*****	
15	Coordinated Transportation	1,100,000	800,000	300,000
16	and Vehicles (HD 1-40)			
17	(SECTION 5 OF THIS ACT BEGINS ON PAGE 16)			

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

Funding Source	Amount
Department of Health and Social Services	
1037 General Fund / Mental Health	1,250,000
1092 Mental Health Trust Authority Authorized Receipts	300,000
1139 Alaska Housing Finance Corporation Dividend	250,000
1197 Alaska Capital Income Fund	2,200,000
*** Total Agency Funding ***	\$4,000,000
Department of Natural Resources	
1092 Mental Health Trust Authority Authorized Receipts	350,000
*** Total Agency Funding ***	\$350,000
Department of Revenue	
1002 Federal Receipts	2,000,000
1037 General Fund / Mental Health	500,000
1092 Mental Health Trust Authority Authorized Receipts	700,000
1108 Statutory Designated Program Receipts	1,000,000
1139 Alaska Housing Finance Corporation Dividend	1,750,000
1197 Alaska Capital Income Fund	4,000,000
*** Total Agency Funding ***	\$9,950,000
Department of Transportation/Public Facilities	
1037 General Fund / Mental Health	800,000
1092 Mental Health Trust Authority Authorized Receipts	300,000
*** Total Agency Funding ***	\$1,100,000
* * * * * Total Budget * * * * *	\$15,400,000

(SECTION 6 OF THIS ACT BEGINS ON PAGE 17)

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

Funding Source	Amount
General Funds	
1037 General Fund / Mental Health	2,550,000
Total General Funds	\$2,550,000
Federal Funds	
1002 Federal Receipts	2,000,000
Total Federal Funds	\$2,000,000
Other Non-Duplicated Funds	
1092 Mental Health Trust Authority Authorized Receipts	1,650,000
1108 Statutory Designated Program Receipts	1,000,000
1139 Alaska Housing Finance Corporation Dividend	2,000,000
Total Other Non-Duplicated Funds	\$4,650,000
Duplicated Funds	
1197 Alaska Capital Income Fund	6,200,000
Total Duplicated Funds	\$6,200,000
(SECTION 7 OF THIS ACT BEGINS ON PAGE 18)	

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.** ENTERPRISE INFORMATION TECHNOLOGY PROJECTS. The sum of
4 \$459,724 is appropriated to the Office of the Governor for the Department of Health and
5 Social Services behavioral health data sharing partnership from the following sources in the
6 amounts stated:

7	SOURCE	AMOUNT
8	Federal funds	\$ 25,540
9	General fund	434,184

10 * **Sec. 9.** NONGENERAL FUND RECEIPTS. (a) Alaska Mental Health Trust Authority
11 authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the
12 amounts appropriated by this Act are appropriated conditioned upon compliance with the
13 program review provisions of AS 37.07.080(h).

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

17 * **Sec. 10.** SALARY AND BENEFIT ADJUSTMENTS. (a) The appropriations made in sec.
18 1 of this Act include amounts for salary and benefit adjustments for public officials, officers,
19 and employees of the executive branch, Alaska Court System employees, employees of the
20 legislature, and legislators and to implement the terms for the fiscal year ending June 30,
21 2010, of the following ongoing collective bargaining agreements:

- 22 (1) Alaska Public Employees Association, for the confidential unit;
- 23 (2) Alaska State Employees Association, for the general government unit;
- 24 (3) Alaska Public Employees Association, for the supervisory unit;
- 25 (4) Alaska Vocational Technical Center Teachers' Association - National
26 Education Association, for employees of the Alaska Vocational Technical Center;
- 27 (5) Public Safety Employees Association, for regularly commissioned public
28 safety officers;
- 29 (6) Public Employees Local 71, for the labor, trades, and crafts unit; and
- 30 (7) Marine Engineers' Beneficial Association.

31 (b) The operating budget appropriations made to the University of Alaska in this Act

1 include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2010,
2 for university employees who are not members of a collective bargaining unit and for
3 implementing the monetary terms of the collective bargaining agreements including the terms
4 of the agreement providing for the health benefit plan for university employees represented by
5 the following entities:

6 (1) Alaska Higher Education Crafts and Trades Employees;

7 (2) University of Alaska Federation of Teachers;

8 (3) United Academics;

9 (4) United Academics-Adjuncts.

10 (c) If a collective bargaining agreement listed in (b) of this section is not ratified by
11 the membership of the respective collective bargaining unit, the appropriations made by this
12 Act that are applicable to that collective bargaining unit's agreement are reduced
13 proportionately by the amount for that collective bargaining agreement, and the corresponding
14 funding source amounts are reduced accordingly.

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

19 * **Sec. 11.** This Act takes effect July 1, 2009.