

SENATE CS FOR CS FOR HOUSE BILL NO. 302(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 3/26/10

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, 2010 and ending June 30, 2011,
 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
	*****	*****	
	***** Department of Administration *****		
	*****	*****	
Legal and Advocacy Services	2,039,100	1,887,800	151,300
Office of Public Advocacy	1,737,000		
Public Defender Agency	302,100		
	*****	*****	
	***** Department of Corrections *****		
	*****	*****	
Inmate Health Care	5,355,200	4,981,200	374,000
It is the intent of the legislature that the Department of Corrections develop and implement			
cost containment strategies regarding the provision of health care, and that the Department			
report results of their efforts to the legislature by January 31, 2011.			
Behavioral Health Care	5,355,200		
Offender Habilitation	1,611,500	1,611,500	
It is the intent of the legislature that the Department of Corrections will provide detailed			
information to the legislature on a quarterly basis regarding the success of the Offender			
Habilitation programs with a strong focus on performance and outcomes.			
Substance Abuse Treatment	1,611,500		
Program			
	*****	*****	
	***** Department of Education and Early Development *****		
	*****	*****	

	Appropriation	General	Other
	Allocations	Items	Funds
Teaching and Learning Support	551,800	339,800	212,000
Student and School Achievement	551,800		
	*****	*****	
	*****	Office of the Governor	*****
	*****	*****	
Executive Operations	100,000		100,000
Executive Office	100,000		
	*****	*****	
	*****	Department of Health and Social Services	*****
	*****	*****	

14 It is the intent of the legislature that the Department of Health and Social Services continue
15 the Medicaid Reform work to improve efficiency and slow the need for General Funds in the
16 Medicaid program. Specifically, but not exclusively, the Department is to:

- 17 1) Complete the evaluation of possible changes to program design, determine waiver changes
18 necessary to secure federal funding and report back to the First Session of the 27th Alaska
19 Legislature on suggested changes, expected outcomes related to Medicaid sustainability, and
20 resources needed to accomplish the work.
- 21 2) Develop and implement public provider reimbursement methodologies and payment rates
22 that will further the goals of Medicaid Reform.
- 23 3) Continue and enhance the State and Tribal Medicaid work and partnership to enhance our
24 ability to provide Medicaid services through Tribal Health Organizations.

25 It is the intent of the legislature that the Department continues to aggressively pursue
26 Medicaid cost containment initiatives. Efforts should continue where the Department
27 believes additional cost containment is possible including further efforts to contain travel
28 expenses. The Department must continue efforts imposing regulations controlling and
29 materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be
30 continued utilizing existing resources to impose regulations screening applicants for
31 Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state
32 services. The department must address the entire matrix of optional Medicaid services,
33 reimbursement rates and eligibility requirements that are the basis of the Medicaid growth

	Appropriation	General	Other
	Allocations	Items	Funds Funds

3 algorithm. This work is to utilize the results of the Medicaid Assessment and Planning
4 analysis. The legislature requests that by January 2011 the Department be prepared to present
5 projections of future Medicaid funding requirements under our existing statute and regulations
6 and be prepared to present and evaluate the consequences of viable policy alternatives that
7 could be implemented to lower growth rates and reducing projections of future costs.

8 It is the intent of the legislature that the Department of Health and Social Services eliminate
9 the requirement for narrative and financial quarterly reports for all grant recipients whose
10 grants are \$50,000 or less. This is an unnecessary burden and is not a requirement of the
11 federal grants.

12 It is the intent of the legislature that the Department of Health and Social Services make a
13 single 'upfront' payment for any grant award that is \$50,000 or less and includes a signature of
14 the grantee certifying compliance with the terms of the grant with their approved application.
15 Signature of the grantee would also certify that if a final report certifying completion of the
16 grant requirements is not filed, future grants will not be considered for that grantee until all
17 requirements of prior grants are completed satisfactorily. In the event a grantee is deemed
18 ineligible for a future grant consideration due to improper filing of final reports, the grantee
19 will be informed about the department's procedures for future consideration of grant
20 eligibility. The department will establish procedures to consider retroactivity for specific grant
21 consideration or express that the retroactivity cannot be considered for certain grants during
22 the selection process.

23 It is the intent of the legislature that the Department of Health and Social Services continue
24 and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid
25 program.

	Alaska Pioneer Homes	13,984,800	13,984,800
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27 It is the intent of the legislature that the Department maintain regulations requiring all
28 residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state
29 subsidy being provided for their care from the State Payment Assistance program.

30 It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall
31 complete any forms to determine eligibility for supplemental program funding, such as
32 Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant
33 is not able to complete the forms him/herself, or if relatives or guardians of the applicant are

	Appropriation	General	Other
	Allocations	Items	Funds
			Funds
not able to complete the forms, Department of Health and Social Services staff may complete the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility per AS 47.25.120.			
Alaska Pioneer Homes	64,200		
Management			
Pioneer Homes	13,920,600		
Behavioral Health		80,672,000	76,607,700
AK Fetal Alcohol Syndrome	459,500		
Program			
It is the intent of the legislature that AK Fetal Alcohol Syndrome Programs located in Juneau, Kenai, Sitka, and Bethel be expanded.			
Alcohol Safety Action	982,300		
Program (ASAP)			
Behavioral Health Grants	26,899,500		
It is the intent of the legislature that \$375,000 of this appropriation be used to fund Soteria-Alaska, Inc., which is a home-like, healing environment for Alaskan adults who are newly diagnosed with mental illness.			
It is the intent of the legislature that the department continue developing policies and procedures surrounding the awarding of recurring grants to assure that applicants are regularly evaluated on their performance in achieving outcomes consistent with the expectations and missions of the Department related to their specific grant. The recipient's specific performance should be measured and incorporated into the decision whether to continue awarding grants. Performance measurement should be standardized, accurate, objective and fair, recognizing and compensating for differences among grant recipients including acuity of services provided, client base, geographic location and other factors necessary and appropriate to reconcile and compare grant recipient performances across the array of providers and services involved.			
Behavioral Health	4,226,000		
Administration			
Community Action	1,547,200		
Prevention & Intervention			

	Appropriation	General	Other
	Allocations	Funds	Funds
1			
2			
3	Grants		
4	Rural Services and Suicide	2,415,700	
5	Prevention		
6	Psychiatric Emergency	6,687,600	
7	Services		
8	Services to the Seriously	13,524,200	
9	Mentally Ill		
10	Designated Evaluation and	3,867,300	
11	Treatment		
12	Services for Severely	12,887,800	
13	Emotionally Disturbed		
14	Youth		
15	Alaska Psychiatric	6,177,900	
16	Institute		
17	Alaska Mental Health Board	916,500	
18	and Advisory Board on		
19	Alcohol and Drug Abuse		
20	Suicide Prevention Council	80,500	
21	Children's Services	10,932,500	10,402,500
22	Children's Services	69,500	530,000
23	Management		
24	It is the intent of the legislature that the Office of Children's Services shall effectively use		
25	these funds to address the stated foster youth stability and success goals stated below:		
26	\$85,000: Supplement Employment Training Vouchers for youth covered by the Independent		
27	Living Program.		
28	\$55,000: Fund an additional 10 University of Alaska Presidential Tuition Waivers beyond the		
29	annual 10 waivers funded by the University.		
30	\$35,000: Television ads to recruit foster parents in shortage areas, including ads on highly		
31	watched television programs (\$30,000); annual mailing to foster parents on the OCS		
32	FosterWear discount clothing plan (\$5,000).		
33	Front Line Social Workers	148,500	

	Appropriation	General	Other	
	Allocations	Items	Funds	Funds
3	Family Preservation	500,000		
4	Foster Care Augmented Rate	500,000		
5	It is the intent of the legislature that the Office of Children's Services shall effectively use			
6	these funds to address the stated foster youth stability and success goals stated below:			
7	\$100,000: Housing assistance for youth facing the prospect of homelessness after receiving			
8	the existing short-term rental help currently offered by the Independent Living Program.			
9	Foster Care Special Need	747,900		
10	It is the intent of the legislature that the Office of Children's Services shall effectively use			
11	these funds to address the stated foster youth stability and success goals stated below:			
12	\$80,000: These funds shall be used to permit foster youth who move between placements to			
13	stay, when in the youth's best interest, in their original school for the remainder of the school			
14	term. These funds shall not be used for those "homeless" youth already being provided			
15	school stability services under the Federal McKinney-Vento Act.			
16	Residential Child Care	3,238,100		
17	Infant Learning Program	5,728,500		
18	Grants			
19	Health Care Services	816,400	349,400	467,000
20	Health Planning and	816,400		
21	Infrastructure			
22	Juvenile Justice	1,054,600	865,400	189,200
23	McLaughlin Youth Center	654,700		
24	Fairbanks Youth Facility	103,700		
25	Bethel Youth Facility	57,100		
26	Probation Services	239,100		
27	It is the intent of the legislature that \$115,000 of this appropriation and one PFT position for			
28	Probation Services be used to review the Aggression Replacement Training program, and			
29	provide program oversight and quality assurance.			
30	Public Assistance	13,200	13,200	
31	Public Assistance	13,200		
32	Administration			
33	Public Health	1,046,100	971,100	75,000

	Appropriation	General	Other
	Allocations	Funds	Funds
1			
2			
3	Nursing	98,200	
4	Women, Children and Family	827,500	
5	Health		
6	Certification and Licensing	120,400	
7	Senior and Disabilities	15,358,100	14,089,900
8	Services		1,268,200
9	General Relief/Temporary	740,300	
10	Assisted Living		
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	Senior and Disabilities	3,031,600	
19	Services Administration		
20	Senior Community Based	2,809,100	
21	Grants		
22	It is the intent of the legislature that funding in the FY 2011 budget for Senior Community		
23	Based Grants be used to invest in successful home and community based supports provided		
24	by grantees who have demonstrated successful outcomes documented in accordance with the		
25	department's performance based evaluation procedures.		
26	Community Developmental	7,924,800	
27	Disabilities Grants		
28	Commission on Aging	116,900	
29	Governor's Council on	735,400	
30	Disabilities and Special		
31	Education		
32	Departmental Support	1,462,100	1,402,100
33	Services		60,000

		Appropriation	General	Other
		Allocations	Items	Funds

3 It is the intent of the legislature that the Department explain the Medicaid school based claim
4 program to all school districts in Alaska and encourage them to participate in the program.

5	Commissioner's Office	167,000		
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6 It is the intent of the legislature that the Department of Health and Social Services complete
7 the following tasks related to fiscal audits required in chapter 66, SLA 2003 of all Medicaid
8 providers:

9 1. Develop regulations addressing the use of extrapolation methodology following an audit of
10 Medicaid providers that clearly defines the difference between actual overpayment of funds to
11 a provider and ministerial omission or clerical billing error that does not result in
12 overpayment to the provider. The extrapolation methodology will also define percentage of
13 'safe harbor' overpayment rates for which extrapolation methodology will be applied.

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

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

21 It is the intent of the legislature that the department continue working on implementing a
22 provider rate rebasing process and specific funding recommendations for both Medicaid and
23 non-Medicaid providers to be completed and available to the legislature no later than
24 December 15, 2010.

25	Administrative Support	91,400		
26	Services			

27	Information Technology	853,700		
28	Services			

29	HSS State Facilities Rent	350,000		
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30	Medicaid Services	54,954,100	54,954,100	
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31 It is the intent of the legislature that the Department of Health and Social Services identify
32 and investigate alternatives that could improve internal administrative management and
33 accounting controls over the Medicaid program, including determining the viability of

	Appropriation	General	Other
	Allocations	Items	Funds
outsourcing those activities. The Department should be prepared to present its findings to the legislature during the 2011 session.			
Behavioral Health Medicaid Services	52,050,300		
It is the intent of the legislature that \$553,500 of this appropriation be used to fund an increase in level V residential treatment reimbursement rates for part of the fiscal year when the department has completed its cost/rate review, and/or as a means of avoiding closure of level V facilities who haven't had a rate increase in nearly 5 years. The department should complete its rate/cost review and report back to the legislature by January 31, 2011 on the need for level V rate increases.			
Children's Medicaid Services	2,903,800		
	*****	*****	
	***** Department of Law *****		
	*****	*****	
Civil Division		86,000	86,000
Human Services	86,000		
	*****	*****	
	***** Department of Natural Resources *****		
	*****	*****	
Resource Development		2,360,000	2,360,000
Mental Health Trust Lands Administration	2,360,000		
	*****	*****	
	***** Department of Revenue *****		
	*****	*****	
Alaska Mental Health Trust Authority		2,849,800	91,500
Mental Health Trust Operations	2,758,300		
Long Term Care Ombudsman	91,500		

	Appropriation	General	Other	
	Allocations	Items	Funds	Funds
Office				
	*****	*****		
	***** University of Alaska *****			
	*****	*****		
It is the intent of the legislature that future requests by the University of Alaska for Unrestricted General Funds move toward a long-term goal of 125 percent of actual University Receipts for the most recently closed fiscal year.				
Budget Reductions/Additions		18,100	18,100	
Budget Reductions/Additions	18,100			
- Systemwide				
It is the intent of the legislature that the University provide a report to the legislature by February 1, 2011 that specifies the amount of money transferred from and to each allocation in reference to the 3% transfer of federal receipts, unrestricted general funds, and university receipts into the Budget Reductions/Additions - Systemwide appropriation.				
Statewide Programs and Services		805,600	392,900	412,700
Statewide Services	805,600			
University of Alaska Anchorage		1,387,800	194,800	1,193,000
Anchorage Campus	1,387,800			
University of Alaska Fairbanks		87,500		87,500
Fairbanks Campus	87,500			
	*****	*****		
	***** Alaska Court System *****			
	*****	*****		
Alaska Court System		227,000	227,000	
Trial Courts	227,000			
It is the intent of the legislature that the FY12 budget will appropriate all transcription funding to the agencies that order those transcripts from the Alaska Court System.				
Therapeutic Courts		2,586,400	1,493,100	1,093,300

1	Appropriation	General	Other
2	Allocations	Items	Funds Funds
3	It is the intent of the legislature that the Court System contract to purchase services associated		
4	with therapeutic courts in amounts it determines are in the best interest of operating		
5	therapeutic courts efficiently and effectively. Contract amounts should stem from the amounts		
6	transferred from other agencies into this appropriation.		
7	Therapeutic Courts	2,586,400	
8	(SECTION 2 OF THIS ACT BEGINS ON THE NEXT PAGE)		

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 1,887,800

6 1092 Mental Health Trust Authority Authorized 151,300

7 Receipts

8 *** Total Agency Funding *** \$2,039,100

9 **Department of Corrections**

10 1037 General Fund / Mental Health 6,592,700

11 1092 Mental Health Trust Authority Authorized 374,000

12 Receipts

13 *** Total Agency Funding *** \$6,966,700

14 **Department of Education and Early Development**

15 1037 General Fund / Mental Health 339,800

16 1092 Mental Health Trust Authority Authorized 212,000

17 Receipts

18 *** Total Agency Funding *** \$551,800

19 **Office of the Governor**

20 1092 Mental Health Trust Authority Authorized 100,000

21 Receipts

22 *** Total Agency Funding *** \$100,000

23 **Department of Health and Social Services**

24 1037 General Fund / Mental Health 153,959,300

25 1092 Mental Health Trust Authority Authorized 6,653,700

26 Receipts

27 1180 Alcohol and Other Drug Abuse Treatment & 19,680,900

28 Prevention Fund

29 *** Total Agency Funding *** \$180,293,900

30 **Department of Law**

31 1037 General Fund / Mental Health 86,000

1	*** Total Agency Funding ***	\$86,000
2	Department of Natural Resources	
3	1092 Mental Health Trust Authority Authorized	2,360,000
4	Receipts	
5	*** Total Agency Funding ***	\$2,360,000
6	Department of Revenue	
7	1037 General Fund / Mental Health	91,500
8	1094 Mental Health Trust Administration	2,758,300
9	*** Total Agency Funding ***	\$2,849,800
10	University of Alaska	
11	1037 General Fund / Mental Health	605,800
12	1092 Mental Health Trust Authority Authorized	1,693,200
13	Receipts	
14	*** Total Agency Funding ***	\$2,299,000
15	Alaska Court System	
16	1037 General Fund / Mental Health	1,202,800
17	1092 Mental Health Trust Authority Authorized	1,093,300
18	Receipts	
19	1180 Alcohol and Other Drug Abuse Treatment &	517,300
20	Prevention Fund	
21	*** Total Agency Funding ***	\$2,813,400
22	***** Total Budget *****	\$200,359,700
23	(SECTION 3 OF THIS ACT BEGINS ON THE NEXT PAGE)	

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	Unrestricted General Funds	
5	1037 General Fund / Mental Health	164,765,700
6	***Total Unrestricted General Funds***	\$164,765,700
7	Designated General Funds	
8	1180 Alcohol and Other Drug Abuse Treatment &	20,198,200
9	Prevention Fund	
10	***Total Designated General Funds***	\$20,198,200
11	Other Non-Duplicated Funds	
12	1092 Mental Health Trust Authority Authorized	12,637,500
13	Receipts	
14	1094 Mental Health Trust Administration	2,758,300
15	***Total Other Non-Duplicated Funds***	\$15,395,800
16	Federal Funds	
17	***Total Federal Funds***	\$0
18	Duplicated Funds	
19	***Total Duplicated Funds***	\$0

20 (SECTION 4 OF THIS ACT BEGINS ON THE NEXT PAGE)

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	*** Total Agency Funding ***	\$500,000
7	* * * * * Total Budget * * * * *	\$500,000

8 (SECTION 6 OF THIS ACT BEGINS ON THE NEXT PAGE)

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	Unrestricted General Funds	
5	1037 General Fund / Mental Health	500,000
6	***Total Unrestricted General Funds***	\$500,000
7	Designated General Funds	
8	***Total Designated General Funds***	\$0
9	Other Non-Duplicated Funds	
10	***Total Other Non-Duplicated Funds***	\$0
11	Federal Funds	
12	***Total Federal Funds***	\$0
13	Duplicated Funds	
14	***Total Duplicated Funds***	\$0

15 (SECTION 7 OF THIS ACT BEGINS ON THE NEXT PAGE)

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 2011, of the following collective bargaining agreements:

15 (1) Marine Engineers' Beneficial Association, representing licensed engineers
16 employed by the Alaska marine highway system;

17 (2) Inlandboatmen's Union of the Pacific, representing the unlicensed marine
18 unit;

19 (3) International Organization of Masters, Mates, and Pilots, for the masters,
20 mates, and pilots unit;

21 (4) Public Safety Employees Association, representing regularly
22 commissioned public safety officers;

23 (5) Alaska Vocational Technical Center Teachers' Association - National
24 Education Association, representing employees of the Alaska Vocational Technical Center;

25 (6) Public Employees Local 71, for the labor, trades, and crafts unit; and

26 (7) Teachers' Education Association of Mt. Edgecumbe.

27 (b) The operating budget appropriations made to the University of Alaska in sec. 1 of
28 this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30,
29 2011, for university employees who are not members of a collective bargaining unit and for
30 implementing the monetary terms of the collective bargaining agreements including the terms
31 of the agreement providing for the health benefit plan for university employees represented by

1 the following entities:

- 2 (1) Alaska Higher Education Crafts and Trades Employees;
- 3 (2) University of Alaska Federation of Teachers;
- 4 (3) United Academics;
- 5 (4) United Academics-Adjuncts.

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

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

15 * **Sec. 10.** This Act takes effect July 1, 2010.