

SB

360

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/14/94

FURTHER:

Date of 5-Day Notice: 3-17-94 DATE TURNED INTO OFFICE: 3-21-94
 (in accordance with Uniform Rule 23)

The Finance Committee considered **SENATE BILL NO. 360**

"An Act amending the medical assistance and community developmental disabilities grants appropriations in sec. 38, ch. 65, SLA 1993; and providing for an effective date."

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

3-21-94
Note technical correction
P. 1, line 10

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS

Steve Hein

Greg Sachs

Tim Kelly

J. Robert

Bert

 1. *True* _____
 Co-Chair: Signature/Recommendation

OTHER RECOMMENDATIONS:

 2. _____
 Co-Chair: Signature/Recommendation

*amend
Type only*

SENATE BILL NO. 360

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/14/94
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the medical assistance and community developmental disabilities
2 grants appropriations in sec. 38, ch. 65, SLA 1993; and providing for an effective
3 date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. (a) Section 38, ch. 65, SLA 1993, page 18, line 10, is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ITEMS	FUND	FUNDS
8 Medical Assistance	<u>274,626,900</u>	<u>126,708,600</u>	<u>147,918,300</u>
9	[277,124,700]	[127,957,500]	[149,167,200]

10 (b) Section 38, ch. 65, SLA 1993, page 18, line 23, is amended to read:

11 ALLOCATIONS

12 Waivers Services	<u>8,985,800</u>
13	[11,483,600]

*←
text
type*

14 (c) Section 38, ch. 65, SLA 1993, page 22, lines 23 - 24, is amended to read:

1	APPROPRIATION	GENERAL
2	ITEMS	FUND
3	Community Developmental	
4	Disabilities Grants	
	<u>20,676,200</u>	<u>20,676,200</u>
5	[19,427,300]	[19,427,300]
6	* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).	



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Senate Bill 360 Sponsor Statement

"An Act amending the medical assistance and community developmental disabilities grants appropriations in sec. 38, ch. 65, SLA 1993; and providing for an effective date." (Companion: HB 529)

In the FY 94 budget, the governor requested and the legislature authorized the transfer of \$1.6 million from the Community Developmental Disabilities Grant appropriation to the Medical Assistance appropriation.

Project CHOICE, a waiver program, was to finance care for individuals whose care was previously funded through Developmental Disabilities (DD) grants. The DD grants were in the budget of Medical Assistance division. The transfer of responsibility and the associated funding totaled \$1.6 million.

Implementation of Project CHOICE was substantially delayed and only \$400,000 of the \$1.6 million has been used in FY 94.

At the beginning of FY 94, DD grantees were instructed by the Department of Health and Social Services to spend their grants as though \$1.6 million had not been removed from the grant line. The department assumed each grantee would receive a corresponding payment from waiver benefits. When implementation of the waiver program was delayed, the grantees did not receive the anticipated waiver revenue, which necessitated this fund transfer.

This bill has a zero-net General Fund impact. It restores \$1.2 million to the Developmental Disabilities grant line from the Medical Assistance budget in order that grantees can complete their FY 94 operations.

This bill addresses SB 288/HB 455 Supplemental Appropriations, Sec. 22 as a separate item.

March 17, 1994

JF



Representative Mark Hanley Alaska State Legislature

MEMORANDUM

DATE: February 28, 1994
TO: Janet Clarke
FROM: Representative Mark Hanley
SUBJECT: FY94 Supplemental and DD Grantees

As we continue to deliberate on the FY94 supplemental, I have perceived strong support for Section 22, the delete-add language for the DD grant line. I expect that language to pass.

The grantees have been contacting me regarding a cash-flow problem which will arise due to the timing of the supplemental. The combination of the 10% reduction for the waiver transfer, and the hold-back money (approx. 10%?) would equal about two and a half months of operational funding. Do you agree with this cash-flow analysis?

When do you normally disburse the hold-back money?

Could the hold-back money be disbursed on 4/1/94, substituting the waiver money as the hold-back?

Once the supplemental bill passes both houses, and assuming the Governor supports the delete-add language, how many days until the Department can disburse money to the grantees?

I feel confident that the delete-add language to restore money to the DD grants will pass the Legislature. However, I am worried about the timing.

I would appreciate a written response to these questions as soon as possible.

Thank you.

WALTER J. HICKEL, GOVERNOR

THEODORE A. MALA, COMMISSIONER

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF ADMINISTRATIVE SERVICES

P.O. BOX 110650
JUNEAU, ALASKA 99811-0650
PHONE: (907) 465-3082

March 15, 1994

The Honorable Drue Pearce
Alaska State Senate
Room 508
State Capital
Juneau, Alaska 99801

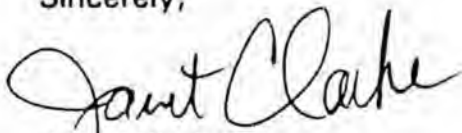
Dear Senator Pearce:

Attached is information to justify SB 360 "An Act amending the medical assistance and community developmental disabilities grants appropriations in sec. 38, ch. 65, 1993; and providing for an effective date". Originally the Governor had requested this delete/add supplemental in section 22 of SB 288.

Senate Bill 360 amends the FY94 operating appropriation bill to transfer funds back to the Developmental Disabilities Grant component from the Medicaid Waiver component. This net zero delete/add supplemental is necessary due to delays in the Medicaid Waiver program and because the two components are in two separate appropriations with the Department of Health and Social Services Budget.

The Department supports SB 360 and urges its passage.

Sincerely,


Janet Clarke
Director

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF ADMINISTRATIVE SERVICES

P.O. BOX 110650
JUNEAU, ALASKA 99811-0650
PHONE: (907) 465-3082

March 3, 1994

The Honorable Mark Hanley
House of Representatives
Room 515
State Capital
Juneau, Alaska 99801

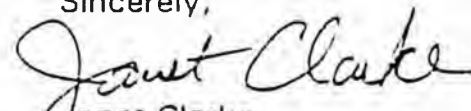
Dear Representative Hanley:

In response to your questions concerning Section 22 of the supplemental bill, I offer the following:

1. Our calculations show that we spend approximately \$1.5 million per month for Developmental Disability grant programs. The combination of the hold-back money and the 10% reduction would equal one and one-half months of operational funding.
2. Normally the hold-back money is disbursed upon submission and approval of the fourth quarter cumulative fiscal report from an agency. The final report is due 30 days at the end of the grant period (July 30).
3. The hold-back money, approximately \$443,500, can be disbursed on April 1, 1994, in fact our plan is to do just that.
4. To process the normal budget transactions through the Office and Management and Budget and other accounting documents would take at least one week. In addition, grantees will have to submit a budget revision to add the funds to their grant award. An average grant revision is fully processed in approximately six days. Much of this work can be done in advance to limit processing time.

The Department is also confident that this section will pass. Please let us know if there is any other assistance we can provide for a successful conclusion to this matter.

Sincerely,


Janet Clarke
Director

B. ANALYSIS INFORMATION

1. Explanation of Need and Legal Obligations

Five hundred ninety-three (593) client months are currently not funded in the Community Developmental Disabilities Grants BRU. This translates into a budget shortfall of \$1,248.9. Those funds were shifted from DMHDD to DMA through a transfer of \$1,644.5 in FY 94 budget. This transfer was to cover the State cost for two Medicaid waiver programs. The amount of transfer was determined by cost projections based on serving individuals from July of 1993 through June of 1994. This money was transferred from the DD community grants component with the anticipation that it would be recovered by DD grantees billing DMA for services rendered. However, regulations were completed later than expected. As a result, 593 client months are left unfunded in the Community Developmental Disabilities Grants BRU.

2. Impact on the Project if Supplemental is Not Funded

The budget shortfall will result in a major reduction of services to the developmentally disabled population (individuals that are incapable of self-care) across the State. There will be thirty (30) private not-for-profit agencies that will have to make decisions to remove from service enough consumers to equal the reduction in their direct service grant award. This means contacting families and explaining that the family will now have to come get their son, daughter, aunt, uncle, mother or father and take them back into their home, as State cannot provide residential, respite care, supported living, supported employment, foster care and or shared care. In many cases consumers that are being served residentially no longer have any family to return to or the family no longer has the capacity to allow them to return. Without these direct services being provided daily by the not-for-profit agency many of these consumers will be on the street to be victimized.

This shortfall in-turn will impact individual agency's ability to maintain needed staff to continue to serve the remaining consumers. Additionally, this will reduce the potential ability to serve any future consumers that will be funded by the Medicaid Waiver program. The trickle-down effect of this loss of direct service staff will further the loss of permanent and part-time employment in many of the 172 communities around the State, where developmental disabilities services are provided. Many of these communities already experience severe unemployment levels. The loss of the spendable income in each of the communities impacts the supporting business, which includes the ability to pay for lease space, utilities, food services, medical supports and emergency service capacity for future

disabled consumers.

However, some of the larger not-for-profit agencies may be able to garner funding from other resources to continue to serve some consumers. The ability of the agencies to do so is not known as DMHDD is already the payor-of-last resort for these services.

3. Date by Which Supplemental Funding is Needed

April 1, 1994

4. Impact on Personal Services and Positions

This supplemental request will have no impact on state personal services and positions. The impact on the agencies personal services and positions will be tremendous. Virtually every agency who provides direct services to individuals experiencing a developmental disability will be impacted.

3. Explanation on how expenditure projections are formulated

In FY 94, the Division of Mental Health and Developmental Disabilities transferred \$1,644.6 to the Division of Medical Assistance as state match for the Medicaid waiver program. This money was taken from the DD community grants component with the anticipation that it would be recovered by DD grantees billing DMA for services rendered. Due to delays in completing the regulation process, the Medicaid waiver program was implemented as scheduled. The regulations were effective December 20, 1993, and implementation of the waiver program commenced. Thus, the DD grantees were not able to bill for services rendered July through December as projected. Subsequently, 593 client months at an average of \$2,106 per month are unbudgeted. Therefore, this request is to cover the cost of those months currently unbudgeted. The total request is \$1,248.9.