

01/28/15

BUDGET OVERVIEW

FY 16:

ALASKA MENTAL

HEALTH TRUST

AUTHORITY

<TARGET><BILL></BILL><SUBJECT>01-28-15 BUDGET OVERVIEW
FY 16 ALASKA MENTAL HEALTH TRUST
AUTHORITY</SUBJECT><COMM>HFIN29</COMM></TARGET>

House Finance Committee

January 28, 2015

Trust

Alaska Mental Health
Trust Authority

Trustees

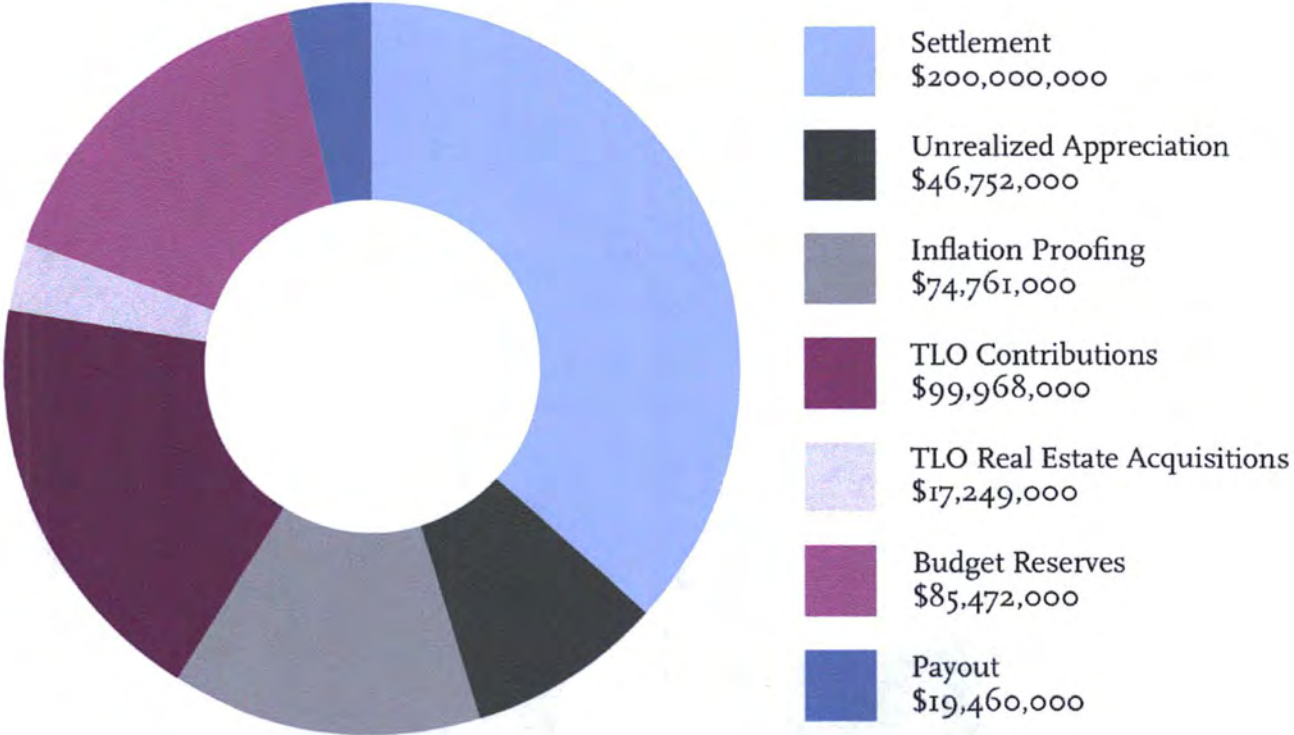
- Mike Barton, chair
- Laraine Derr, vice chair
- Paula Easley, secretary
- Mary Jane Michael
- John McClellan, P.E.
- Larry Norene
- Russ Webb



Trust Beneficiaries

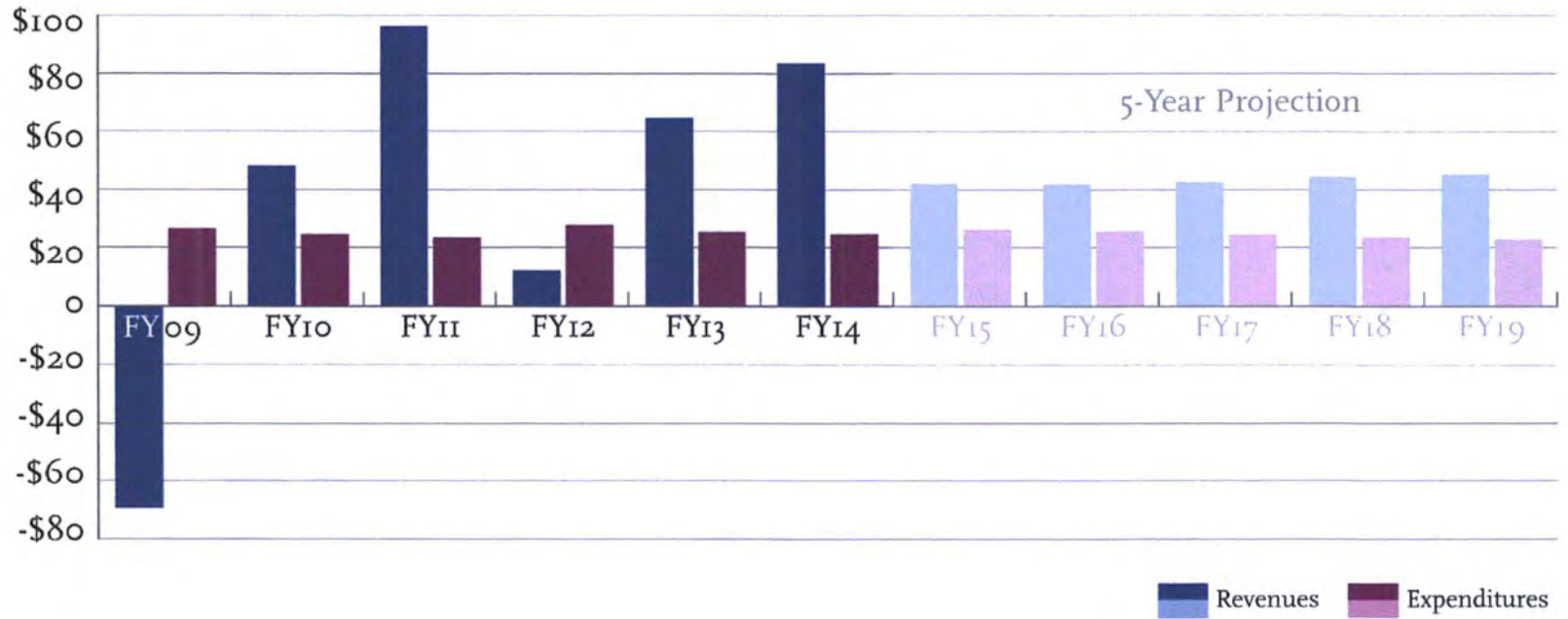
| Approximate number of Trust beneficiaries | |
|--|--------|
| Mental Illness | 22,000 |
| Developmental disabilities | 13,000 |
| Chronic alcoholism and other substance-related disorders | 20,000 |
| Alzheimer's disease and related dementia | 5,000 |
| Traumatic brain injury | 12,000 |

Trust Cash Assets at End of FY14



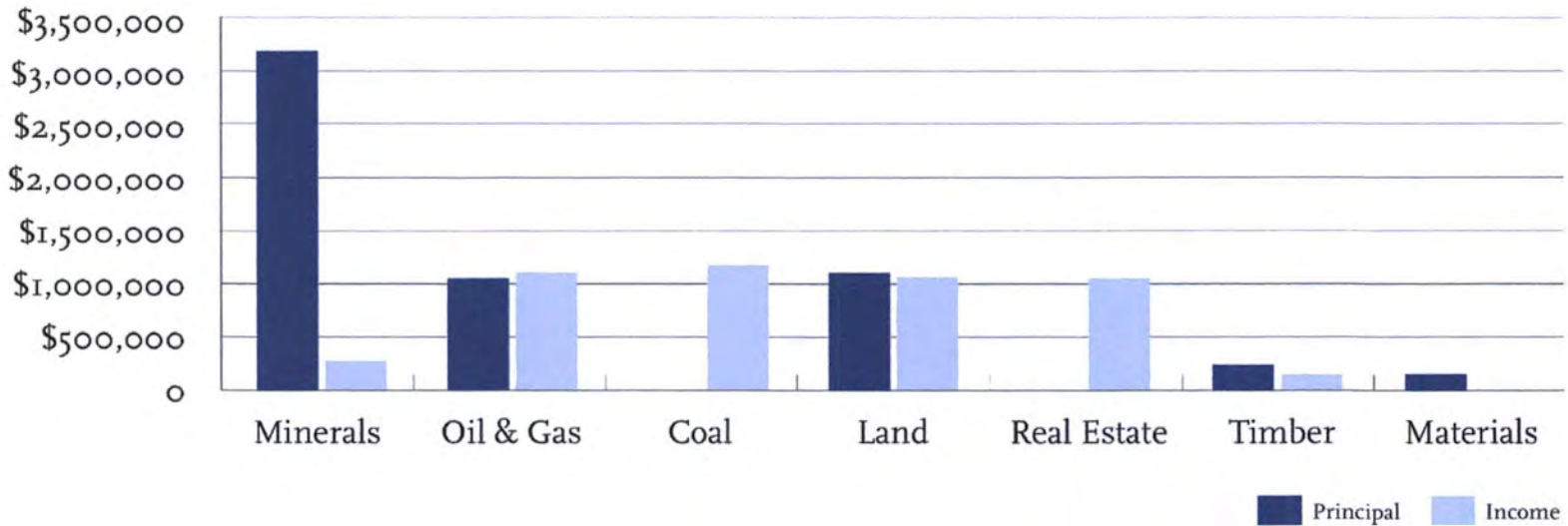
Revenues and Expenditures

(in millions)



Trust Land Office

Revenue Generated in FY14



Impact at a Glance

Grants awarded in FY14

| | AMOUNT | NUMBER |
|--|---------------------|------------|
| Mental Health Trust Authority Authorized Receipts (MHTAAR) | \$13,105,500 | 48 |
| Nonprofits/Tribal Organizations/Agencies | \$7,823,365 | 175 |
| Total | \$20,928,865 | 223 |

FY16 Anticipated Income

| Distributable Income | |
|--------------------------------------|---------------------|
| Payout | \$20,127,800 |
| Prior Years Average Lapse | \$3,416,000 |
| Land Office Average Spendable Income | \$4,305,200 |
| Interest Average | \$275,800 |
| Total | \$28,124,800 |

Utilize POMV strategy

- The Trust's base payout is 4.25% of the average value of the fund's cash assets



Funding approach ensures relatively stable cash flow from year to year

FY16 GF/MH Recommendations

| | MHTAAR | GF/MH |
|--|----------------|------------------|
| <i>IT Application/Telehealth Service System Improvements</i> | \$100.0 | \$100.0 |
| <i>National Family Caregiver Grant Program</i> | | \$325.0 |
| <i>Senior In-Home Services</i> | | \$350.0 |
| <i>Long-Term Care Ombudsman Office – Increment</i> | | \$35.0 |
| <i>Area Health Education Centers</i> | | \$330.0 |
| <i>Licensed Marriage & Family Therapist</i> | | \$25.0 |
| TOTAL | \$100.0 | \$1,165.0 |

FY16 Capital Recommendations

| | MHTAAR | GF/MH | AHFC |
|--|------------------|----------------|------------------|
| <i>Deferred Maintenance</i> | | \$1,000.0 | |
| <i>Home Modifications and Upgrades to Retain Housing</i> | \$300.0 | \$500.0 | \$250.0 |
| <i>Homeless Assistance Project</i> | \$850.0 | \$850.0 | \$6,350.0 |
| <i>Special Needs Housing Grant</i> | | \$1,750.0 | \$1,750.0 |
| <i>Coordinated Transportation</i> | \$300.0 | \$1,000.0 | |
| TOTAL | \$1,450.0 | \$5,100 | \$8,350.0 |

Established Focus Areas

- Disability justice
- Substance abuse prevention and treatment
- Beneficiary employment and engagement
- Workforce development
- Housing and long-term services & supports

Current Priorities

- Medicaid Expansion and Reform
- Recidivism
- Substance Abuse Prevention & Treatment

Medicaid Expansion

Expansion will impact many Trust beneficiaries.

Medicaid Expansion

- Projections estimate 42,000 Alaskans will be eligible under expansion of the Medicaid program
- Alaskans between the ages of 19-64
 - with income under 138% of the Federal Poverty Level who are not already eligible for Medicare or Medicaid
(Currently at \$20,120 annual income for a single person; \$27,130 for a couple)

Medicaid Expansion

- The new population eligible for coverage will include Trust beneficiaries with **chronic substance abuse and mental health issues**. As well as **homeless adults and incarcerated persons**.
- Medicaid expansion will result in offsets and savings of general funds.

Medicaid Expansion: Impact on DOC

- In FY14, Alaska Department of Corrections processed approximately \$8.5 million in billings for inmate in-patient stays that lasted more than 24 hours.
- Under Medicaid expansion, it is estimated that **\$6.8-\$7.65 million** could be paid for by federal Medicaid rather than State funds based on 80%-90% of the population being eligible.

This is an estimate based on what we know now and our interpretation of the expansion rules so the numbers may change.

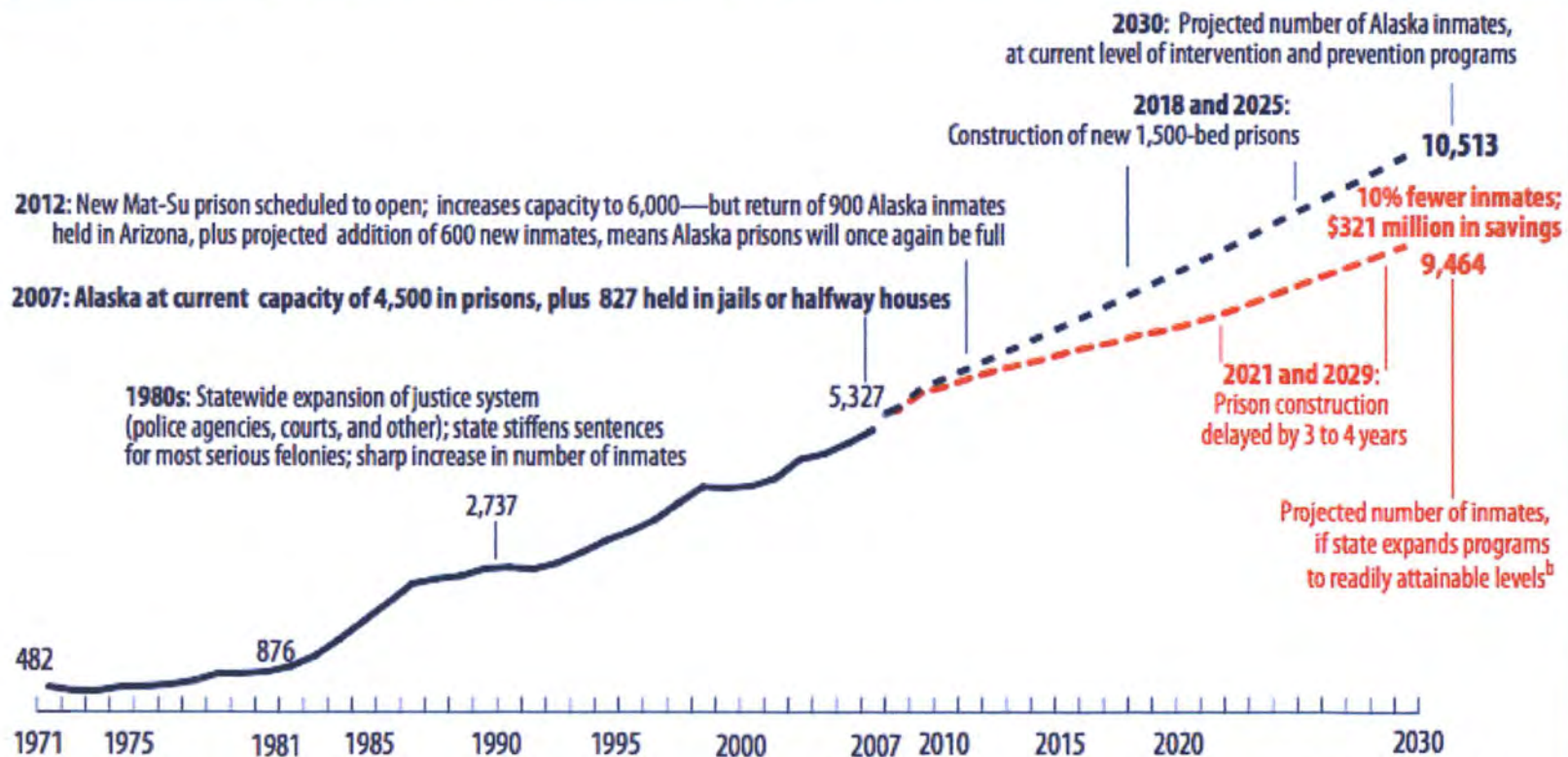
Medicaid expansion is a
catalyst for reform.

Recidivism

Reduce long-term budget demands by investing in proven strategies that reduce criminal recidivism.

Disability Justice ... Investing Wisely?

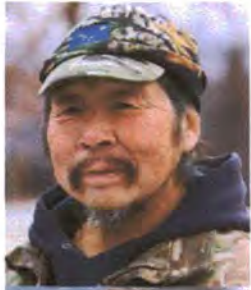
Figure 8. Average Number of Alaska Inmates,^a 1971-2007, and Projected Number, 2008-2030



^aAverage daily number of people in prisons, jails, and halfway houses. ^bThe number of people who could be readily added to program rolls varies considerably by program; see Table 1.

Sources: Alaska Department of Corrections; ISER projections of number of prisoners, based on Alaska Department of Labor projections of Alaska population 18-64 and assuming no change in current use of rehabilitation programs as well as expanded use; Washington State Institute of Public Policy

UAA Institute for Social and Economic Research – January 2009 **The Cost of Crime: Could the State Reduce Future Crime and Save Money By Expanding Education and Treatment Programs?**



Recommendations

- Maintain efforts of current policy and program efforts
 - 2014 SB64 passed and created Alaska Criminal Justice Commission
 - 2014 HB266 Legislative intent: workgroup formed to develop Recidivism Reduction Plan (to be delivered Feb. 2, 2015)
 - 2007 Criminal Justice Working Group
 - 2005 Trust disability justice focus area

Broadband

The Alaska Legislature requested the Trust to “*assess the potential impact of expanded broadband use on the long-term general fund operating costs.*”

Broadband Capacity

- Statewide Tribal health and K-12 education each currently have their own substantial broadband capacity – which offers future opportunities for partnerships
- Reasonable to expect savings as a result of increased access to care, and the efficiency and streamlining of services
- Challenges to shared use may potentially be addressed through updating of regulations, policies and program standards
- Some barriers may require congressional action pursuant to Tribal and State agreement

Substance Abuse Prevention & Treatment

The prevalence rates and negative consequences of alcohol and drug abuse upon Alaskans are substantial.

In 2010, Alaska's costs associated with individuals dependent on or abusing alcohol/drugs was \$1.2 billion.

Substance Abuse Prevention & Treatment

- Collaboration on joint strategies
 - Recover Alaska
 - Alaska Wellness Coalition (Positive Social Norms Campaign)
 - ABC board (Title 4 statute rewrite)
 - Implementation of Proposition 2 (Marijuana)
- Partnership with Department of Corrections on the recidivism reduction planning with opportunities for Trust investment in:
 - Prisoner re-entry coalitions
 - Access to effective treatment
 - Prevention strategies focused on incarcerated parents and their children

Title 4

- Most of Title 4 has not been updated since 1980. The laws are outdated and confusing.
- A systematic review of Title 4 helps the board carry out its mission and will benefit communities and businesses.

Licensing Revisions

- Decrease the number of license types and simplifies the licensing system to achieve more consistent enforcement and adherence to state alcohol regulation.
- Update license fees to support the ABC budget; adjusts wholesale license fees and simplifies supplier reporting.
- Realign the system to better enforce population limits.
- Bring all licenses, endorsements and permits into one place in statute, removes redundant or unused types.

Role of the ABC Board Revisions

- Ensure the ABC board fairly represents the interests of all Alaskans and can lead in alcohol education, policy and control.
- Implement uniform police department reporting requirements; develop enforcement, education, and prevention plans directly connected to the matching funds.
- Allow data about alcohol purchases to be released (aggregated at the region or community level) for analysis and community self-assessment.
- Base the ABC budget on the activities and staffing needed to achieve the ABC's mission.
- Designate ABC board seats to ensure representation by: 1 public health, 1 public safety, 2 industry and 1 rural public member; include Director's background in filling the designations.

Underage Drinking Revisions

- Reform underage drinking sanctions so that **adults who supply minors with alcohol are held to greater accountability.**
- Reduce the penalty for a licensee, agent or employee selling alcohol to a minor (Sec. 04.16.052) from a class A misdemeanor to a minor offense violation.
- Require statewide keg registration.

Underage Drinking Revisions

- Reform underage drinking sanctions so that **minors do not become criminals for making one poor decision.**
- Clarify required sign language warning minors of the legal consequences of their entering licensed premises.
- Restore the minor consuming alcohol offense to a true violation.

Local Option Revisions

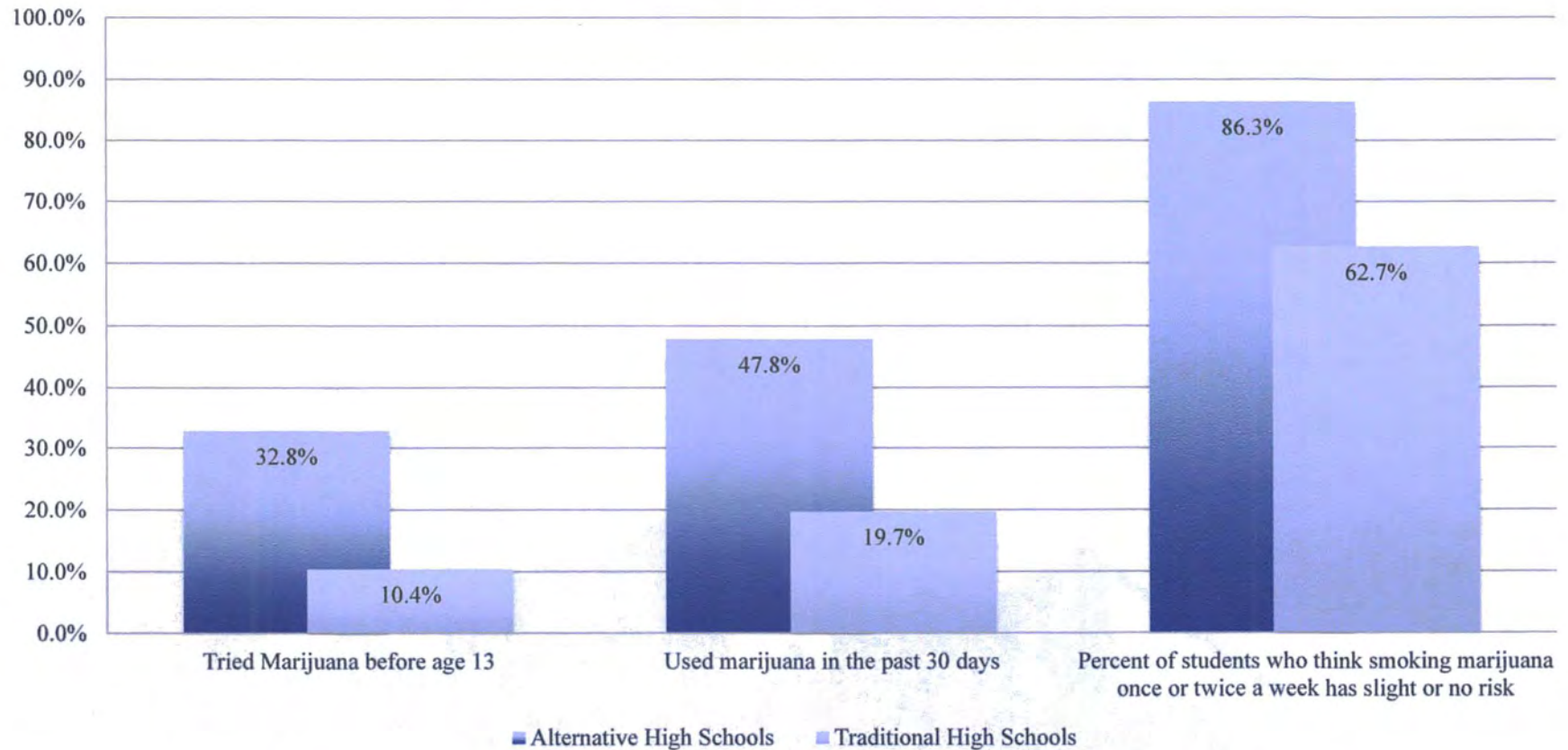
- Strengthen local option laws and the ability to enforce them.
- Repeal local option 4, which bans sale and importation of alcohol, but not possession.
- Increase ABC budget for dedicated Title 4 enforcement staff.
- Increase the local option boundary from a 5-mile radius to a 10-mile radius from the village center.
- Increase the misdemeanor-level fines for bootlegging and imposes additional unit fines per container of alcohol.
- Make possession of homebrew ingredients and/or equipment with intent to produce alcohol illegal in **all** local option communities.

Marijuana

- Addiction rate
 - 2012, 17% of individuals admitted to treatment reported marijuana as their primary substance of abuse (U.S.)
 - 2012, an estimated 2.7 million people 12 years of age and older met the DSM-IV criteria for dependence on marijuana
- Increased marijuana use during pregnancy
 - 6.1% of mothers in 2006
 - 7.8% of mothers in 2011
- Psychotic symptoms can occur at 3 to 7 times the rate among marijuana users versus those who do not use.

Impact on Beneficiaries

2013 Alaska YRBS Results snap shot



Lessons Learned in Colorado

- **Data**
 - Colorado wasn't measuring marijuana related data, this lack of baseline has led to an inability to understand the impacts of increased commercial marijuana
- **Home grows are out of control**
 - Non taxable, difficult to enforce, non regulated and hard to manage
- **Edibles and concentrates**
 - Dosage, THC content, portion control and packaging still continue to be difficult to manage
 - Butane hash oil explosions and impacts to residential areas
- **Advertising**
 - State is being sued by local newspapers as they believe they have the right to advertise without government restrictions on their commercial free speech
- **Local control**
 - Majority of communities opted out of commercial sales (approx. 212)
 - Communities also opted out of grow operations and put more restrictions on businesses (locations, quantity)
 - Local law enforcement needing training and funding
- **Black market**
 - Legalized commercial marijuana has not decreased the black market

Lessons Learned from Alcohol and Tobacco

- **Avoiding harms to others**
 - Indoor air
 - Driving and injury restrictions
- **Sales and marketing restrictions**
 - Time, place, manner
- **Price**
- **Use of tax revenue**
 - For prevention in youth and young adults
 - Harm reduction and cessation in adult users
- **Strong public health infrastructure**
 - State and local
 - Collaboration with NGO's
- **Strong public health messaging from trusted source**
- **Attention to vulnerable populations**

Recommendations

- **Inter-disciplinary task force**
 - Ensure regulations are informed by a *comprehensive field of experts* with various backgrounds (public health, regulatory groups, industry, law enforcement, etc).
- **Data**
 - Make certain that the right data and metrics are being collected and funded
- **Regulations**
 - Start with strict regulations and then with time and data have the ability to adapt
- **Local option**
 - Ensure that communities understand their rights and abilities to exercise local controls
- **Licensing**
 - Staging of licenses
 - Potency limits
- **Edibles and concentrates**
 - Only consider through a preapproval process
- **Advertising**
 - Enforce strict advertising; unlimited and unregulated advertisement has a direct impact on youth use
- **Law enforcement**
 - Need training *now* on how to enforce new regulations
 - Effectiveness of enforcement happens at the local level
 - Regulations needed on levels while driving; using while driving

Thank You

Trust

Alaska Mental Health
Trust Authority

