

Senate Finance
Health and Social Services
Budget SubCommittee
Alaska State Legislature

Senator Peter A. Micciche
Alaska State Capitol, Rm. 508
Juneau, Alaska 99801-1182
Phone: (907) 465-2828
Toll Free: (800) 964-5733

Members:
Senator John Coghill
Senator Cathy Giessel
Senator Pete Kelly
Senator Donnie Olson



DEPARTMENT OF HEALTH and SOCIAL SERVICES
FY2019 SENATE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT
April 4, 2018

RECOMMENDATIONS:

The Senate Finance Budget Subcommittee for the Department of Health and Social Services submits a recommended operating budget for FY2019 to the Senate Finance Committee as follows:

Unrestricted General Fund (UGF)	\$ 1,074,840.3
Designated General Fund (DGF)	\$ 79,113.9
Other Funds	\$ 122,145.7
Federal Funds	\$ 1,677,615.9
TOTAL	\$ 2,953,715.8

BUDGET ACTION:

The Senate Finance Budget Subcommittee for the Department of Health and Social Services held seven meetings with the Department and analyzed the Governor's amended budget. The following are budget action highlights:

Accept the following:

- Children's Services/Front Line Social Workers; \$1,440.5 Total [481.8 Fed Receipts / 958.7 UGF] This increment provides the balance of funding for 31 new front line social workers added in the FY18 budget.
- Children's Services/Front Line Social Workers; \$6,500.0 Fed Receipts; Additional authority to improve the department's ability to claim additional federal receipts for foster care, adoption and guardianship programs and for indirect costs in the Children's Services Management allocation
- Alaska Pioneer Homes; \$525.0 Fed Receipts;

- Funding Reduction-Public Health/Tobacco Use Education and Cessation Fund Authority: (\$375.0) Tob ED/CES (DGF)
- Restore unachievable savings projections associated with passage of SB74 (Medicaid Reform); \$5,425.1 UGF
- Add four PFT Positions in the Commissioner’s Office for the IHS Federal Tribal Claiming Review Team. \$231.3 UGF / \$231.3 Fed Receipts. Of these funds, \$20.0 UGF / \$20.0 Fed Receipts are one-time funding for start-up costs. It is anticipated by the department that these four additional positions will garner approximately \$20 million in additional savings to the State. This reflects intent language expecting \$35 million in IHS Tribal Claiming 100% match.
- Reduce the estimated amount of UGF expended for abortions in FY17; (\$220.7) UGF
- Senior and Disabilities Medicaid Services \$ 13,658.4 GF Match

Deny the following:

The following portion of the FY19 Projected Medicaid Services Requested Increases:

- Behavioral Health (\$ 9,746.4) UGF (\$14,223.9) Fed Receipts
- Adult Preventative Dental (\$ 2,803.3) UGF (\$ 3,100.9) Fed Receipts
- Health Care Medicaid Services (\$ 57,902.1) UGF and GF Match (\$ 187,023.6) Fed Receipts (\$ 5.2) GF/Program Receipts

Senior Benefits Payment Program (\$19,986.1) UGF. (Technical Adjustment-No Funding Reduction) HB 236 will extend the Senior Benefits Payment Program sunset clause to FY24. The program provides low-income seniors with modest cash assistance to pay for expenses like food, heating, electricity, transportation and prescription medication. The passage of HB 236 will defer funding for senior benefits to the legislation’s fiscal note to be included in section two of the operating bill. This is also reflected in intent language expressing the legislatures intent to fund this program via reauthorization of the program.

Governor’s Amendments:

- Children’s Services - Security Services Officer (\$ 158.6) Total [(\$111.0) UGF / (\$47.6) Fed Receipts] (1) PFT Position
- Children’s Services - Security guards for Kenai and Fairbanks (\$201.0) Total [(\$ 129.0) UGF / (\$72.0) Fed Receipts]
- Public Assistance – Public Assistance Field Service Positions (\$4,428.7) Total [(\$2,214.3 UGF / (\$2,214.4 Fed Receipts)] (41) PFT Positions

Organizational Changes (No additional positions or funding):

- Consolidation – The Senior Community Based Grants, Community Developmental Disabilities Grants and Senior Residential Services allocations are consolidated into the new Senior and Disabilities Community Based Grants allocation.

- Transfer Community Health Grants (CHG) Allocation to Emergency Programs Allocation (Public Health Appropriation). The department believes incorporating CHG into the Emergency Programs allocation will provide for greater financial accountability and program transparency.
- Transfer Assessment and Planning allocation into the Administrative Support Services allocation (Departmental Support Services Appropriation). All funding supports a single contract that provides planning, assessment, and forecasting activities for the Alaska Medicaid program. The transfer of this authority aligns the contract with the personal services that support the activities.
- Deletion of the Federal Performance Bonus Allocation. Due to a significant nation-wide decline in federal performance bonus funding over the past few years, the FY19 request decrements \$5.3 million of the \$6 million of uncollectible funding, transfers the remaining \$700.0 of federal unrestricted authority to the Administrative Support Services allocation for Alaska Psychiatric Institute renovations, and zeroes out the federal "Performance Bonus" allocation.

Other Items:

- Replace UGF with General Fund Match: Net Zero Change (\$130,519.4) UGF/ \$130,519.4 GF/Match (UGF). For the past few years the Legislative Finance Division has recommended that the department more accurately reflect general funds that match federal funds. The FY19 budget includes \$130,519.4 in fund changes from UGF to General Fund Match in the following appropriations:

Replacement of UGF with GF Match

Appropriation	Amount
Behavioral Health	\$ 1,271.8
Children's Services	\$ 8,419.9
Public Assistance	\$ 58,516.9
Public Health	\$ 31,140.5
Senior & Disabilities Services	\$ 17,256.7
Departmental Support Services	\$ 13,913.6
Total:	\$ 130,519.4

INTENT LANGUAGE:

The Subcommittee recommends the addition of the following intent language:

- It is the intent of the legislature that funding for day habilitation be sufficient to provide up to 624 hours annually per recipient. The request for additional day habilitation over the annual "soft cap" of 624 hours may be approved to avoid institutional care or for the safety of Medicaid recipients.

- It is the intent of the legislature that the department work with the Legislative Finance Division to prepare a template for reports to be delivered to the co-chairs of the finance committees and the Legislative Finance Division related to actual Medicaid expenditures and projections for the remainder of FY19 on October 15th, January 15th, March 15th, and June 15th. It is further the intent that the template provide FY20 expenditure projections.
- It is the intent of the legislature that the department increase its efforts to significantly reduce, by approximately \$40 million, the state share of Medicaid service costs by managing Medicaid utilization to index with the national average per enrollee cost. In doing so, the department should take into consideration a multiplier to the national average to account for a reasonably higher cost of health care in Alaska.
- It is the intent of the legislature that the department work with Tribal Health Organizations for care coordination agreements with non-tribal providers in order to increase valid referrals for Indian Health Service eligible recipients to maximize the 100% FMAP. It is further the intent of the legislature that the department clearly outline requirements for 100% FMAP for services provided to an IHS beneficiary receiving Medicaid benefits thereby reducing general fund dependency by approximately \$35 million.
- It is the intent of the legislature that departmental funding transfer authority will not be used to transfer any funding away from senior-specific services, pioneer homes, senior benefits or any other senior-specific programs.
- It is the intent of the legislature to fully fund the Senior Benefits Payment Program upon reauthorization during the 2018 legislative session.

Senator Peter A. Micciche, Chair

Senator Cathy Giessel

Senator Donald Olson

Senator John Coghill

Senator Pete Kelly

Attachments:

- Agency Totals
- TransactionCompare1
- TransactionCompare2
- Wordage