

**Department of Health  
FY26 Midyear Status Report**

Item No.	Appropriation / Allocation	Description	Amount / Fund Source	LFD Questions
1	Various	Reduce Uncollectible Designated General Fund Sources to Align with Anticipated Revenue	<b>Total: (\$5,474.5)</b> (\$1,253.9) Tob ED/CES (DGF) (\$800.0) A/D T&P Fd (DGF) (\$1,596.9) RcdvsmFund (DGF) (\$1,823.7) MET Fund (DGF) Dec	Please describe the Department's actions to wind down, phase out, or restructure the grants and programs that these funds supported, such as drug prevention programs in schools. What funding remains in place to provide support, and how are those funds directed?
<p><b>Agency Response</b></p> <p><b>Tob ED/CES:</b> The Division of Public Health, since AS 44.29.020(12) requires the department to administer a comprehensive tobacco prevention and control program, reduced funding for the production and placement of health communications messages and contracts for training and technical assistance for program grantees. The division leveraged recently awarded federal funds to help offset reductions across the remaining program components. Funding for the program currently comes from the TUECF fund and federal grants and is used to support the required program components of: community programs; youth prevention programming; tobacco use treatment; health education campaigns; and tobacco surveys/evaluation. The Division of Behavioral Health allocated available funding to cover statutorily required tobacco enforcement (32 USC 300x-26). General funds were reallocated from treatment and recovery, and prevention and early intervention programs to cover necessary operational costs.</p> <p><b>MET:</b> The Division of Public Health, following the FY23 legislative intent language stating that the department prioritize after-school programming when allocating from the MET fund, maintained the Positive Youth Development Afterschool Program at existing levels and reduced funds for health communication and grantee technical assistance. MET funding currently supports after-school programs at similar funding levels to prior years, with health communications and grantee technical assistance funded at approximately 10% of the originally budgeted amount. The Division of Behavioral Health braided the funding into existing grant programs with a focus on youth after school programs. The division reduced the continuation comprehensive behavioral health treatment and recovery outpatient grants for youth and crisis by 5% (\$1,097.7) and adult services by 20% (477.8) from FY25 amounts.</p> <p><b>A/D T&amp;P:</b> The Division of Behavioral Health reduced the continuation of the Comprehensive Behavioral Health Prevention and Early Intervention grants by 15% (573.0) from FY25 amounts.</p> <p><b>RRF:</b> The Division of Behavioral Health reduced the continuation of the Residential Withdrawal Management grant program for adult services by 25% (1,787.9) from FY25 amounts.</p>				
2	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Add Federal Receipt Authority for Multiple New Mental and Behavioral Health Services Programs	\$3,100.0 Fed Rcpts (Fed) <b>Suppl</b>	<p>The award period for Promoting the Integration of Primary Health Care in Alaska grants for mental health and substance use services in primary care settings came to a close in September 2025, and grants for qualified health care facilities to improve their health record management system through the Community Project Funding from the Health Resources and Services Administration closed at the end of July 2025. Please provide a brief overview of the grantee entities and associated progress.</p> <p>For the Certified Community Behavioral Health Clinic (CCBHC) Planning grants which run through the end of December 2025, please provide a brief update based on available information.</p>

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<p><b>Agency Response:</b>  <b>Promoting Primary Health Care</b>            The overall project period for Promoting the Integration of Primary Care in Alaska grant is anticipated to continue through September 29, 2029. The Division of Behavioral Health partnered with three primary care sites in Anchorage, Homer, and Bethel to implement the <b>Collaborative Care Model (CoCM)</b>. To date, efforts have focused on program development, including hiring behavioral health staff, establishing psychiatric consultation, implementing universal behavioral health screening, and deploying patient registries to support measurement-based care. In the first quarter of FY26, 340 patients were screened across the three sites, and 30 patients engaged in behavioral health services at two sites.</p> <p><b>Certified Community Behavioral Health Clinic (CCBHC) Planning grants</b>            The division completed extensive stakeholder engagement to develop Alaska’s Certified Community Behavioral Health Clinics (CCBHC) Certification Criteria and is partnering with two prospective CCBHCs to meet program requirements and complete cost reporting to support Alaska’s application to participate in a federal CCBHC Demonstration, anticipated to start July 1, 2026. Concurrently, the division is developing the application process, systems, and data infrastructure needed to support implementation. A No-Cost Extension has been submitted to continue activities for an additional year. Approval is anticipated by the end of December.</p>				
3	Behavioral Health / Behavioral Health Administration	MH Trust: Crisis Call Center (FY26-FY27)	\$750.0 MHTAAR (Other) IncT	The legislature appropriated the Mental Health Trust Authority Authorized Receipts associated with this project, but did not approve the equal amount of General Fund - Mental Health funds as requested by the Governor. Please provide an update on the project’s viability with half the funding.
<p><b>Agency Response:</b>            The Crisis Call Center is a priority project. To accommodate the funding that was not approved in the budget the Division of Behavioral Health reduced general funds allocated to other projects including behavioral health educational enhancing services in schools, development and improvement of training, and reduced the Rural Human Service System grant program by 15%. With the shift in funding to maintain the contract, crisis call line services were maintained. The contractor hired a tribal liaison along with two additional staff to provide 24/7 text/chat services. The contractor will launch a robust web-based dashboard to improve transparency and performance monitoring.</p>				
4	Behavioral Health / Various	Add Federal Receipt Authority for New and Prior Year Grants for New and Existing Behavioral Health Programs	\$6,656.0 Fed Rcpts (Fed) Inc	<p>Additional federal authority authorized the Division to fully expend from new and prior year federal grants which support the Community Mental Health Initiative, the Alaska State Opioid Response, Alaska’s 988 Crisis Coordination Project, and a new federal initiative to promote the continuity of care for incarcerated persons following their release. This follows a \$3,000.0 Increment in federal receipt authority in FY25, which the Division had previously stated it expected to fully expend. Has the Division been able to effectively execute this significant increase in funds?</p> <p>Does the Division anticipate that federal monies for these purposes will continue to increase in future years?</p>
<p><b>Agency Response:</b> The Division of Behavioral Health successfully expended the majority of federal funds received and carried forward from prior fiscal years. The division continues to monitor and pursue federal funding opportunities as they become available. At this time, no additional federal spending authority is anticipated.</p>				
5	Health Care Services / Health Facilities Licensing and Certification	Add Funding and Authority to Comply with Changes to Federal Requirements for Health Facility Inspections	<b>Total: \$481.2</b> \$147.5 Fed Rcpts (Fed) \$333.7 GF/Match (UGF) Inc	<p>Additional funds were requested due to new matching fund requirements imposed by the federal government for certain types of facility inspections following federal guidance that certain facility types must be charged to Title 19 Medicaid and that these inspections were no longer eligible for 100% federal funding. The legislature authorized approximately half of the requested amount for both fund sources.</p> <p>Does the Division have sufficient resources to manage this new expense?</p>

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<p><b>Agency Response</b>            With approximately half of the requested authority available, the Division of Health Care Services will have to mitigate the gap through prioritization of work, schedule management, and efficiency improvements, including targeted travel, combining site visits where feasible, and focusing staff time on the highest-risk and federally time-sensitive inspections.</p> <p>While the Division expects to maintain required inspection activity, the reduced funding level increases the risk of operational impacts during periods of elevated workload or vacancies, such as delayed scheduling of some lower-priority or non-time-critical work, reduced capacity for unplanned complaint-driven activity, or increased reliance on triage to meet federally-mandated inspections of healthcare facilities.</p>				
6	Health Care Services / Medical Assistance Administration	Increase General Funds to Maintain Current Medicaid Administrative Operations	\$424.5 GF/Match (UGF) <b>Inc</b>	<p>The Department previously stated that this allocation had previously managed rising expenses in other line items with unspent personal services from a high vacancy rate in the allocation and Division as a whole, but that improved recruitment and retention necessitated an increment in order to maintain operations. The legislature approved half the requested increase in funding.</p> <p>Has the Division experienced negative consequences as a result of the partial increment?</p>
<p><b>Agency Response</b>            The Division of Health Care Services has remained within the current authority with the implementation of cost saving strategies including the reclassing down of a vacant position by two ranges, maintaining position vacancies, and leveraging enhanced federal funding for time worked on projects that meet Centers for Medicare and Medicaid Services requirements whenever appropriate. These measures must be balanced with the risk of losing valued staff to burnout from excessive workloads.</p>				
7	Public Assistance / Child Care Benefits	Increase Federal Authority for Child Care and Development Block Grant and a New Preschool Development Grant	\$15,200.0 Fed Rcpts (Fed) <b>Inc</b>	<p>While \$1,200.0 of the total increment was an increase to the Child Care and Development Block Grant, the remainder was an for an expansion of scope for the Preschool Development Grant, intended to increase collaboration and enhance childcare access and quality in Alaska through new community-based initiatives that could be completed by the end of 2025.</p> <p>Please provide a brief overview of the Department's role in granting out these funds and provide examples of the initiatives underway with various grantees.</p>
<p><b>Agency Response</b>            The department implemented funds from the Preschool Development Grant by administering community level grants focused on: 1) improving access and increasing quality to early childhood services, 2) training for families, 3) professional development and financial incentives for the workforce, 4) funding to support increased access to child care and Head Start, social/emotional initiatives, and 5) public communication about child care.</p>				
8	Public Assistance / Child Care Benefits	Add Funding to Support Child Care Grant Program for Place-based and Homebased Child Care Centers	\$5,867.1 Gen Fund (UGF) <b>Inc</b>	<p>In FY24 and FY25 the legislature provided one-time funding of \$7,500.0 UGF in support of increased child care grants for both home- and place-based child care facilities with the goal of stabilizing the workforce and improving access for parents and children. The legislature chose to increase the amount to \$7,725.0 and make it an increment to the base in FY26 but the Governor vetoed \$1,857.9 of the appropriation, setting the base increment below historical funding levels.</p> <p>Please provide information about how prior-year recipients have been impacted by the reduced funding in FY26.</p>
<p><b>Agency Response</b>            In FY2024 and FY2025, the one-time grant funding provided critical operating support to prior-year child care recipients, with the majority reporting that funds helped them remain open, avoid layoffs, stabilize enrollment, and serve underserved populations. In January 2025, 100% of \$7.5 million in direct operating support was distributed to child care providers, helping stabilize operations and limit cost pressures on families. Among funded providers, 89% reported the support allowed them to remain open, with 59% strongly agreeing it stabilized their organization and 37% strongly agreeing it helped them avoid closure. Twenty-eight % strongly agreed the funding helped prevent staff layoffs or furloughs, and 47% strongly agreed it enabled them to maintain or increase enrollment. Fifty-one % expanded capacity by hiring staff (56%), improving facilities (50%), or purchasing equipment (38%). Thirty-five % increased services for underserved children, 31% implemented strategies to reduce waitlists, 44% invested in future needs, and 30% reduced costs for families. The reduced base funding level in FY2026 has resulted in lower monthly grant amounts for providers.</p>				

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9	Public Assistance / Public Assistance Administration	Funding for New Investment Projects for SNAP (FY25-FY26) <b>Supplemental</b>	\$5,954.3 Gen Fund (UGF) <b>MultiYr</b>	Please describe the project(s) that this funding is supporting, and how this funding complements existing funding in the capital budget for technological improvements related to SNAP.
<p><b>Agency Response</b> This funding is supporting a coordinated set of staff-facing, client-facing, and quality assurance improvements that strengthen Alaska's administration of the Supplemental Nutrition Assistance Program by improving accuracy, efficiency, and oversight. Investments include modern eligibility worker tools with real-time policy guidance, enhanced client self-service and plain-language notices, and a modern quality assurance platform to identify error trends and target training. Together, these efforts extend existing capital investments in core eligibility systems into day-to-day operations and decision-making, ensuring the technology is fully leveraged. The work positions Alaska to reduce error rates to avoid federal penalties in FFY2028.</p>				
10	Public Assistance / Public Assistance Field Services	Add Funding and Authority to Maintain the Recently Developed Virtual Contact Center	N/A	The Governor requested a new appropriation of \$8,200.0 (split between federal receipt authority and to support the cost of a Virtual Contact Center (VCC) that serves applicants for public assistance programs like Medicaid and SNAP, and is staffed by contracted employees through the Public Consulting Group (PCG). The legislature denied this request.  Please provide an update on the Department's status with the VCC, its contract with PCG, and how the Department is funding these activities in FY26.
<p><b>Agency Response</b> This contract is critical for supporting applicants for programs such as Medicaid and SNAP. The VCC handles over 28,000 calls monthly and provides 130 contracted staff who review imported application data, receive telephonic applications, and resolve returned mail. Without the VCC the department faced significant risk of non-compliance with 42 CFR § 435.916 requiring timely redeterminations of Medicaid eligibility, 7 CFR § 273.2(g) requiring prompt application processing for SNAP, and federal expectations for quality control, notice issuance, and client communication. The Department of Health amended an existing contract with Public Consulting Group (PCG) to add one year to operate the Virtual Contact Center (VCC) through July 2026. While the FY26 funding request was not approved, the department has sustained VCC operations using existing authorized funding from the Division of Public Health, Division of Senior and Disabilities Services, and Medicaid Services.</p>				
11	Public Assistance / Public Assistance Field Services	Add 15 Full-Time Eligibility Technicians to Maintain Capacity and Prevent Backlog	<b>Total:</b> <b>\$1,629.8</b> \$814.9 Fed Rcpts (Fed) \$814.9 GF/Match (UGF) 15 PFT Positions <b>Inc</b>	Have all 15 positions been established and recruited for? If a position has been filled, please provide a date of hire. If a position was filled by an individual formerly in a temporary Eligibility Technician position, please indicate that.  Given that the positions were recently authorized, please include information about the impact of these positions if available.
<p><b>Agency Response</b> The lead Eligibility Technician 4 (ET4) position has a hire pending, with the position reassigned to Fairbanks. All remaining positions were finalized through the Office of Personnel Development at the end of October and are currently in recruitment. The onboarding strategy prioritizes the ET4 to support early team development, with the goal of filling all remaining positions by the end of January, subject to applicant availability. The department anticipates a balanced mix of experienced staff and new entrants. All new hires will complete required training within three months of their start date.</p>				

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12	Public Health / Emergency Programs	Adjust Fund Source of SHARP-1 Revenue Due to Contractual Nature of Receipts	N/A	<p>The Governor request for \$1,650.0 of General Fund - Program Receipt (GF/PR) authority so the Division could expand capacity in the original Strengthening Healthcare Access Recruitment Program, known as SHARP-1, was denied. To note, SHARP-1 is supported with 50 percent with federal funds, 34 percent by health provider employers (the source of the GF/PR) and the remainder from the Alaska Mental Health Trust Authority.</p> <p>Has the denial of the authority to access additional matching funds impacted the recruitment of qualified health professionals to Alaska under the SHARP-1 program?</p> <p>The legislature also denied the fund change, which would have classified the employer contribution as Statutory Designated Program Receipts (SDPR) rather than GF/PR, which would have prevented unspent GF/PR from being swept into the general fund each fiscal year. Was any GF/PR for the SHARP-1 program swept at the end of FY25?</p>
<p><b>Agency Response</b> The denial of authority did not impact recruitment under the SHARP-1 program because the Health Resources and Services Administration federal grant award was delayed by nine months to a predicted July 1, 2026 start date. The ongoing limitations of authority limit the program's ability to expend GF/PR timely before end of FY. The requested fund change for employer contributions as Statutory Designated Program Receipts (SDPR) rather than GF/PR is critical for program management. Employer contribution payments are billed and received quarterly. The final fiscal year quarterly billing has caused historical issues with fiscal year close-out, resulted in GF/PR imbalances, and delayed SHARP-1 participant payments. A fund change to SDPR would ensure no negative impacts to both employers and SHARP-1 participants as well as avoid any incidents of GF/PR from being swept.</p>				
13	Senior and Disabilities Services / Senior and Disabilities Community Based Grants	Increase Funding to Support and Stabilize Senior Centers	\$2,500.0 Gen Fund (UGF) Inc	<p>The legislature increased funding for grants to community-based organizations, active around the state, that provide services for elder Alaskans who require additional support in order to maintain independence.</p> <p>Was the Division able to increase the number of grantee organizations with this new funding, offer larger grants to existing grantees, or a mix?</p>
<p><b>Agency Response</b> The Division of Senior and Disabilities Services used most of the increased legislative funding to offer larger grant awards to existing community-based organizations serving older Alaskans, strengthening service capacity and sustainability. A portion of the funding will also be used to expand the Aging and Disability Resource Center (ADRC) network by soliciting for a new ADRC to serve an unserved region of the state.</p>				
14	Senior Benefits Payment Program / Senior Benefits Payment Program	Second Year of Workers' Comp.; Extnd Sr Benefits Payment Ch12 SLA2024 (SB147) (Sec2 Ch7 SLA2024 P51 L02 (HB268))	N/A	<p>The legislature denied the \$470.8 (UGF) Increment for the second year of a Fiscal Note for legislation that reauthorized the Senior Benefits Payment Program; the funding was for a projected 2% increase in participants, based on historical trends.</p> <p>Though FY26 is only about halfway through, is the Division projecting that it will be on track for 2% growth in participation? How does the Division anticipate responding to increased participation with flat funding?</p>
<p><b>Agency Response</b> The division anticipates staying within the approved budget.</p>				
15	Medicaid Services / Medicaid Services	Add Funding to Support Clinic Behavioral Health Services (FY26-FY27)	\$10,000.0 Gen Fund (UGF) IncT	<p>This Temporary Increment is aimed at increasing rates paid to providers of clinical behavioral health services that are covered by Medicaid but separate from those covered under an 1115 Waiver. Prior to appropriation, the Department noted in committee that this funding was outside of the rate-setting process and additional consultation with federal partners would be necessary.</p> <p>Please provide a brief overview on the Department's effort to deploy this funding appropriately. If the Department has comments on the response from federal partners or from local providers about this, please include them here.</p>

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		<p><b>Agency Response</b></p> <p>Rate changes involve a regulatory package and CMS approval which can take months. Since regulations are not complete and CMS approval has not been provided, the department will restrict its FY2026 budget in the amount of \$10M, which will reduce the budget and may increase the Medicaid deficit for FY2026, depending on analysis of activities that have occurred since the department's 12/15 projection (weekly check writes, tribal reclaiming, other factors).</p> <p>Behavioral Health providers will benefit from an inflationary rate adjustment in FY2026.</p>		