

State of Alaska FY2006 Governor's Operating Budget

Department of Health and Social Services Behavioral Health Medicaid Services Component Budget Summary

Component: Behavioral Health Medicaid Services

Contribution to Department's Mission

The mission of the Behavioral Health Medicaid Services component is to maintain availability of behavioral health services to individuals with a mental disorder or illness and/or a substance abuse disorder.

Core Services

Funds support mental health treatment and substance abuse intervention and treatment services for Medicaid eligible youth and adults, in both in-patient and out-patient settings.

In FY04 for general mental health, 7,089 children, 2,229 adults, 206 elderly, 378 disabled children, and 3,273 disabled adults were served. Of those 71 were pregnant children, and 286 were pregnant women.

In FY04 Residential Psychiatric Treatment Centers (RPTC) served 677 children, 5 elderly, 59 disabled children, and 13 disabled adults.

In FY04 inpatient psychiatric hospitals treated 930 children, 72 disabled children and 3 disabled adults.

FY2006 Resources Allocated to Achieve Results		
FY2006 Component Budget: \$144,072,500	Personnel:	
	Full time	0
	Part time	0
	Total	0

Key Component Challenges

The State of Alaska FFY06 Federal Authorized Medicaid Percentage (FMAP) for Medicaid Services will be 50.16% compared to the FFY05 Federal FMAP of 57.78%. Unless a change in the federal national formula occurs, this will result in an increased cost to the State of Alaska of \$52 million for FY06. For the Division of Behavioral Health it is estimated to be \$7.9 million.

Forefront among the Division's Medicaid Services issues is the challenge of cost containment in the face of rapid service utilization growth and a continually increasing cost of delivering services. The Division is strategizing with Medicaid program experts to develop a fiscally responsible Medicaid cost containment plan.

The Division will also work to determine core services, the best alternatives (both quality and cost based) for delivering those services, and a means of evaluating the services provided. Building management tools for gathering and analyzing Medicaid services data will be key to determining services' cost-effectiveness and the impacts of cost containment, both overall and for specific populations and services.

Significant Changes in Results to be Delivered in FY2006

- Transfer Substance Abuse Treatment prior authorization activities from program staff to First Health Services.
- Revise Medicaid State Plan to allow Behavioral Health Services as covered Tribal Clinic Services. This change should allow Tribal providers to increase the service provision by increasing reimbursement. In FY 04, tribal

Behavioral Health providers were reimbursed \$3.5 million in federal funds. The providers would have been reimbursed \$14.5 million if the services had been allowed as clinic services.

- Draft integrated Behavioral Health regulations.
- Draft regulations for School-based Behavioral Health services.
- Support the Bring the Kids Home Project by increasing the care coordination activities provided by First Health Services (the utilization review contractor). This will improve discharge planning.
- Develop a Research and Analysis team to improve program evaluation.
- Implementation of a web-based authorization system for inpatient services. This will improve program efficiency.
- Hire a "gate-keeper" staff person to work in conjunction with First Health Staff to reduce the number of children sent out of state for treatment.

Driven by the need to manage within existing appropriation levels, the Division will be drafting and implementing new DBH Medicaid Services regulations that limit eligibility for services and eliminate certain Medicaid service cost categories.

One of the high Medicaid cost categories is providing services to severely emotionally disturbed youth who are sent to out-of-state residential psychiatric treatment centers. The related long-distance transportation and intensive service costs are very high. Initial analysis indicates that too many children are being sent out for mental health services that could be provided locally, and that the young people frequently remain in out-of-state inpatient settings longer than is clinically necessary because a plan is not in place to bring them home to stepped down care at the first possible opportunity. Efforts in FY05 will focus on working with the provider community to develop the high level services that will allow virtually all children to be served in-state, and setting up systems that will allow the step down in service intensity when clinically appropriate. As a result, service costs will decrease and families will be able to participate to a greater extent in their child's recovery if the child remains in-state and as close to home as possible.

Working with the "638" Native health care providers to ensure that the maximum numbers of Medicaid eligible Native individuals are served by the "638's" and thus eligible for 100% federal reimbursement for the services they deliver will allow the Division to maintain funding for services to non-Natives to the greatest extent possible.

Major Component Accomplishments in 2004

- The transitioning of the Medical Assistance program into DBH to include the identification of division's new provider type specialties, functions, budget issues and interdivisional policy.
- The completion of the Requirement Validation sessions to begin the development of a new Medicaid Management Information system.
- Revision of the Acute Care Criteria for Inpatient Hospitalization. These criteria established a seven (7) day maximum allowable limit on payment for diagnoses of Oppositional and Conduct Disorders as the primary diagnosis for treatment. Fourteen-day maximums were established for mental health diagnoses "Not Otherwise Specified." Global Assessment Functioning score was lowered from 50 to 40.
- Adoption of a regulation that established a daily rate (\$171.00) for rehab services provided to SED youth in residential settings such as group homes or therapeutic foster care.
- Standardization of state unique codes to HIPAA compliant procedure codes.

Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons
7 AAC 43 Medicaid

Social Security Act:

Title XVIII Medicare
Title XIX Medicaid
Title XXI Children's Health Insurance Program

Contact Information
<p>Contact: Janet Clarke, Assistant Commissioner Phone: (907) 465-1630 Fax: (907) 465-2499 E-mail: Janet_Clarke@health.state.ak.us</p>

**Behavioral Health Medicaid Services
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	118,637.3	118,328.6	144,072.5
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	118,637.3	118,328.6	144,072.5
Funding Sources:			
1002 Federal Receipts	75,165.6	73,462.7	85,400.4
1003 General Fund Match	10,663.5	16,896.5	30,498.2
1007 Inter-Agency Receipts	2,959.8	0.0	0.0
1037 General Fund / Mental Health	26,712.4	26,469.4	26,673.9
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	3,136.0	1,500.0	1,500.0
Funding Totals	118,637.3	118,328.6	144,072.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	75,165.6	73,462.7	85,400.4
Interagency Receipts	51015	2,959.8	0.0	0.0
Restricted Total		78,125.4	73,462.7	85,400.4
Total Estimated Revenues		78,125.4	73,462.7	85,400.4

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	43,365.9	73,462.7	1,500.0	118,328.6
Proposed budget increases:				
-Increase Funding for Bring the Kids Home Assessment and Care Coordination	204.5	204.5	0.0	409.0
-Projected Medicaid Program Growth for Behavioral Health	13,601.7	11,733.2	0.0	25,334.9
FY2006 Governor	57,172.1	85,400.4	1,500.0	144,072.5