

# **State of Alaska FY2008 Governor's Operating Budget**

## **Department of Health and Social Services Office of Program Review Component Budget Summary**

**Component: Office of Program Review**

**Contribution to Department's Mission**

The Office of Program Review's efforts have been to maximize federal funding and operational efficiencies assisting the department in maintaining programs that promote and protect the health and well-being of Alaskans, especially during periods of reduced state resources.

**Core Services**

- Reduce the need for state general funding by maximizing the use of federal funds and other financing/refinancing mechanisms. This includes the enhancing of tribal resources, developing additional federal funding opportunities across divisions and programs and implementing program integrity functions, including enhanced fraud and abuse activities and improving business processes in departmental operations.
- Cultivate faith and community-based partnerships that share and support the department's mission.
- Develop additional efficiencies through improved program coordination, performance and outcome measurement, and continued examination and refinement of the department's organizational structure and functions.
- Serve as department's lead with the federal government to obtain increased federal funding, coordinate federal information flow, and work with Alaska's Washington, DC office on federal funding requests.
- Provide staff support for several on-going committees and work groups, such as Suicide Prevention and the Medical Care Advisory Committee.
- Provide leadership and coordination on issues and projects that involve multiple divisions, such as transportation, school-based services, long-term care and recent multiple federal initiatives from the Deficit Reduction Act.

**FY2008 Resources Allocated to Achieve Results**

|   |                   |           |
|---|-------------------|-----------|
| <b>FY2008 Component Budget: \$3,063,700</b> | <b>Personnel:</b> |           |
|   | Full time         | 20        |
|   | Part time         | 0         |
|   | <b>Total</b>      | <b>20</b> |

**Key Component Challenges**

- Most components of the tribal and refinancing activities must be done in partnership with tribal organizations, federal agencies, health care providers, and other entities. Maintaining the current state expertise and developing additional staff expertise in these areas will be critical to the long-term success of the refinancing projects. It is becoming more difficult and taking more time to obtain the federal approvals necessary for increased federal financial participation. There is one remaining federal decision pending at the Ninth Circuit Court of Appeals that will determine the meaning of 'services provided through a tribal facility'. If the states obtain a favorable decision that will mean several millions of state general fund dollars will be replaced with 100% federal funding. In addition the tribal health corporations continue working together with the department and other agencies in expanding tribal behavioral health services. In Juneau a 15 bed residential facility has opened that will garner 100% federal funding for serving Alaska Native children. Other tribal behavioral health developments are being planned in several other areas of the states, each with the potential to increase service provision, keep the kids home and qualify for 100% federal funding.
- Centers for Medicare and Medicaid Services (CMS) is increasing pressure upon all states to modify state plan amendments and existing Medicaid programs to conform to the administration's 2007 budget proposal that would effectively cost shift over \$12 billion from federal to state responsibility. CMS is doing this in spite of Congressional opposition and multiple letters urging restraint. CMS now has their Office of Inspector General doing state reviews based on budget proposals, not on a statutory or regulatory concern. The department is working closely with our

Congressional delegation and other states to stop this latest unilateral federal cost shift. While we are confident of eventually prevailing in stemming this federal cost shift, there is the possibility of reduced federal funding until Congress legislatively confronts this challenge or yet to be filed lawsuits work their way through the judicial system.

### **Significant Changes in Results to be Delivered in FY2008**

- It can be expected that the Office of Program Review (OPR) will continue to increase the amount of Medicaid expenses that can legitimately be 100% federal funding by continuing to work with tribal organizations to assist in expanding their capacity to increase service provision to their tribal beneficiaries. We can expect to see an expansion of tribal Medicaid behavioral health services, both outpatient and residential. Assuming we can obtain federal approval for changing the dental tribal reimbursement to an encounter or cost basis, there should be a resulting expansion of tribal services. In partnership with the Division of Behavioral Health smaller tribal health corporations are beginning to deliver behavioral health services and several more are expected to follow. Several tribal health corporations have expressed a strong interest in providing some level of elder care to their members. That may come to fruition over the next couple of years.
- Working collaboratively with other states and Congressional delegations there is a good possibility of legislation that will halt the Centers for Medicare and Medicaid Services (CMS) effort to restrict current program funding and cost shifting to the states. This will remain a major financial issue facing the department.

### **Major Component Accomplishments in 2006**

- The Department of Health and Social Services (DHSS) was able to obtain approval from Center for Medicare and Medicaid Services (CMS) for a state plan amendment that added Dental Health Aide Therapists as a recognized Medicaid service provider within the tribal health system. This will permit 100% federal funding for the services provided by this new provider group. The department, working with Alaska Native Medical Center (ANMC) and Alaska Native Tribal Health Consortium, jointly funded eligibility worker positions that are located at ANMC. This on-site eligibility work increases the federal dollars available to support the tribal health care system. This collaboration has received positive attention at the national level. In 2006 the Medicaid services provided by tribal health providers increased by \$24 million dollars, from about \$169 million to \$193 million at 100% federal funding. In addition to a state General Fund saving, this increase allows future expanded service provision by the tribal providers. The Office of Program Review (OPR) tribal staff performed another tribal enrollment comparison with the DHSS Medicaid eligibility files and found an additional \$1.9 million that was charged to 100% federal funding. This data match occurs yearly to correct any oversight in the eligibility process. Opening 15 residential beds in Juneau under tribal auspices will permit 100% federal funding for the Alaska Native children served by that facility and permits those children to be served in Alaska.
- The Office of Program Review (OPR) Tribal section assisted with continued/expanded joint efforts with Yukon Kuskokwim Health Corporation and Rural Cap to put on the Health Round Up in Bethel. This brings kids to Bethel to take part in a Health Round Up that provides the required EPSDT/Well-Child exams so they can attend Early HeadStart in their respective villages. Rural Cap assisted with organization and funding for set up in Bethel and Medicaid/OPR Tribal Section assisted with travel arrangements and service reimbursement. Yukon-Kuskokwim health care nurses, community health aide programs and public health Nurses provided services to over 90 kids from 6 villages. This effort provides well child exams, dental exams, vision and hearing screenings, immunizations updates and WIC renewal in a one-day event. This year the Health Round Up served 6 surrounding villages, an increase from 3 last year.

### **Statutory and Regulatory Authority**

No statutes or regulations were required for the creation of the Office of Program Review. Future legislative proposals can be expected as additional federal funding opportunities are identified and developed.

**Contact Information**

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**Office of Program Review  
Component Financial Summary**

*All dollars shown in thousands*

|                                   | FY2006 Actuals | FY2007<br>Management Plan | FY2008 Governor |
|-----------------------------------|----------------|---------------------------|-----------------|
| <b>Non-Formula Program:</b>       |                |                           |                 |
| <b>Component Expenditures:</b>    |                |                           |                 |
| 71000 Personal Services           | 996.0          | 1,791.1                   | 2,146.3         |
| 72000 Travel                      | 135.0          | 183.4                     | 208.4           |
| 73000 Services                    | 239.2          | 394.0                     | 578.1           |
| 74000 Commodities                 | 45.4           | 24.1                      | 39.1            |
| 75000 Capital Outlay              | 0.0            | 91.8                      | 91.8            |
| 77000 Grants, Benefits            | 0.0            | 0.0                       | 0.0             |
| 78000 Miscellaneous               | 0.0            | 0.0                       | 0.0             |
| <b>Expenditure Totals</b>         | <b>1,415.6</b> | <b>2,484.4</b>            | <b>3,063.7</b>  |
| <b>Funding Sources:</b>           |                |                           |                 |
| 1002 Federal Receipts             | 552.5          | 1,157.9                   | 1,366.4         |
| 1003 General Fund Match           | 625.3          | 1,050.3                   | 1,257.1         |
| 1004 General Fund Receipts        | 0.0            | 218.4                     | 283.7           |
| 1007 Inter-Agency Receipts        | 237.8          | 57.8                      | 58.1            |
| 1037 General Fund / Mental Health | 0.0            | 0.0                       | 98.4            |
| <b>Funding Totals</b>             | <b>1,415.6</b> | <b>2,484.4</b>            | <b>3,063.7</b>  |

**Estimated Revenue Collections**

| Description                     | Master<br>Revenue<br>Account | FY2006<br>Actuals | FY2007<br>Management<br>Plan | FY2008<br>Governor |
|---------------------------------|------------------------------|-------------------|------------------------------|--------------------|
| <b>Unrestricted Revenues</b>    |                              |                   |                              |                    |
| None.                           |                              | 0.0               | 0.0                          | 0.0                |
| <b>Unrestricted Total</b>       |                              | <b>0.0</b>        | <b>0.0</b>                   | <b>0.0</b>         |
| <b>Restricted Revenues</b>      |                              |                   |                              |                    |
| Federal Receipts                | 51010                        | 552.5             | 1,157.9                      | 1,366.4            |
| Interagency Receipts            | 51015                        | 237.8             | 57.8                         | 58.1               |
| <b>Restricted Total</b>         |                              | <b>790.3</b>      | <b>1,215.7</b>               | <b>1,424.5</b>     |
| <b>Total Estimated Revenues</b> |                              | <b>790.3</b>      | <b>1,215.7</b>               | <b>1,424.5</b>     |

**Summary of Component Budget Changes  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

|   | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|---|----------------------|----------------------|--------------------|--------------------|
| <b>FY2007 Management Plan</b>   | <b>1,268.7</b>       | <b>1,157.9</b>       | <b>57.8</b>        | <b>2,484.4</b>     |
| <b>Adjustments which will continue current level of service:</b>                                  |                      |                      |                    |                    |
| -Transfer in PCN 06-?128 from Behavioral Health Administration                                    | 98.4                 | 0.0                  | 0.0                | 98.4               |
| -Transfer Funding for 4 Positions Transferred in from Public Assistance/Quality Control Component | 134.1                | 134.0                | 0.0                | 268.1              |
| -Transfer Funds to Rate Review for the Medicaid Care and Advisory Committee Functions             | -13.5                | -13.5                | 0.0                | -27.0              |
| -FY 08 Health Insurance Increases for Exempt Employees  | 0.6                  | 0.5                  | 0.3                | 1.4                |
| -Fund Source Adjustment for Retirement Systems Increases  | 61.1                 | 0.0                  | -61.1              | 0.0                |
| <b>Proposed budget increases:</b>   |                      |                      |                    |                    |
| -FY 08 Retirement Systems Rate Increases  | 89.8                 | 87.5                 | 61.1               | 238.4              |
| <b>FY2008 Governor</b>  | <b>1,639.2</b>       | <b>1,366.4</b>       | <b>58.1</b>        | <b>3,063.7</b>     |

**Office of Program Review  
Personal Services Information**

| Authorized Positions |             | Personal Services Costs |                                  |                  |
|----------------------|-------------|-------------------------|----------------------------------|------------------|
| <u>FY2007</u>        |             |                         |                                  |                  |
| <u>Management</u>    | <u>Plan</u> | <u>FY2008</u>           | <u>Governor</u>                  |                  |
| Full-time            | 23          | 20                      | Annual Salaries                  | 1,244,779        |
| Part-time            | 0           | 0                       | Premium Pay                      | 0                |
| Nonpermanent         | 1           | 1                       | Annual Benefits                  | 923,201          |
|                      |             |                         | <i>Less 1.00% Vacancy Factor</i> | (21,680)         |
|                      |             |                         | Lump Sum Premium Pay             | 0                |
| <b>Totals</b>        | <b>24</b>   | <b>21</b>               | <b>Total Personal Services</b>   | <b>2,146,300</b> |

**Position Classification Summary**

| Job Class Title          | Anchorage | Fairbanks | Juneau   | Others   | Total     |
|--------------------------|-----------|-----------|----------|----------|-----------|
| Administrative Clerk II  | 1         | 0         | 0        | 0        | 1         |
| Administrative Clerk III | 1         | 0         | 0        | 0        | 1         |
| Coordinator              | 0         | 1         | 0        | 0        | 1         |
| Internal Auditor IV      | 1         | 0         | 0        | 0        | 1         |
| Investigator II          | 2         | 0         | 0        | 0        | 2         |
| Medical Assist Admin III | 1         | 0         | 1        | 0        | 2         |
| Medical Assist Admin IV  | 0         | 0         | 2        | 0        | 2         |
| Project Coord            | 4         | 0         | 0        | 0        | 4         |
| Project Coordinator      | 2         | 0         | 2        | 0        | 4         |
| Project Director         | 1         | 0         | 0        | 0        | 1         |
| Research Analyst III     | 1         | 0         | 0        | 0        | 1         |
| Secretary                | 0         | 0         | 1        | 0        | 1         |
| <b>Totals</b>            | <b>14</b> | <b>1</b>  | <b>6</b> | <b>0</b> | <b>21</b> |