

State of Alaska FY2008 Governor's Operating Budget

Department of Health and Social Services Departmental Support Services Results Delivery Unit Budget Summary

Departmental Support Services Results Delivery Unit

Contribution to Department's Mission

To provide quality administrative services that support the Department's programs.

Core Services

- Promote cost containment. Maximize revenue.
- Provide Divisions with necessary information to improve compliance with federal and state laws/policies to ensure our fiduciary responsibilities are met.
- Improve DHSS staff knowledge and skills and maintain high morale to continually improve performance and services for Alaskans.
- Provide efficient centralized administrative support to 9 DHSS Divisions; maintain offices in Juneau and Anchorage.

The components of the Department Support Services RDU contribute towards the Core Services as follows:

- The Commissioner's Office component funds upper-level management and policy development for the entire department.
- The Office of Program Review component ensures that DHSS programs accomplish their goals, and helps Divisions find ways to refinance programs to ensure that, to the maximum extent possible, services continue to be provided to those most in need.
- The Office of Faith Based and Community Initiatives component provides guidance, direction, support and seeks financing to support faith-based and community initiative programs and services.
- The Office of Rate Review component establishes efficiency and consistency in rate-setting functions throughout the Department. Rate setting will be centralized for all services including Medicaid facilities, foster care and child care facilities.
- The Administrative Support Services component funds financial, budget, procurement, grant and professional service contract administration, information services and audit services as well as human resource liaison functions.
- The Hearings and Appeals component focus is on Health Care Facility appeals of Medicaid payment rates and audit findings.
- The Facilities Management component includes the management of the department's capital programs.
- The Health Planning and Infrastructure component focus is on community health needs assessments, health indicators tracking, data analyses and reports, health plan development, community health grants, health service design and documentation of program effectiveness through health care data.
- The Facilities Maintenance component, Pioneer Homes Facilities Maintenance, and HSS State Facilities Rent components record dollars spent to operate state facilities. These units collect costs for facilities operations, maintenance and repair, renewal and replacement as defined in AS 35 Public Buildings, Works, and Improvements and pay rent fees for Rent Project.
- The Information Technology (IT) component focus is to improve the efficiency and effectiveness of IT services and develop a more capable IT organization for the department.

End Results	Strategies to Achieve Results
<p>A: Facilitate the Department's Mission Through Superior (effective & efficient) Delivery of Administrative Services.</p> <p><u>Target #1:</u> DHSS Administration as a percentage of Department overhead should be below 2%.</p> <p><u>Measure #1:</u> Percentage administration personal services is to total department budget.</p>	<p>A1: Implement Business Process Reviews.</p> <p>A2: Implement Department's Administrative Training Plan Curriculum.</p>

<p><u>Target #2:</u> Process capital grant payments within 5 days. <u>Measure #2:</u> Number of days to process a grant payment after receiving reports.</p>	
End Results	Strategies to Achieve Results
<p>B: Improve Customer Service</p> <p><u>Target #1:</u> Increase by 2% the percentage of customers that report that Finance and Management Services is meeting their needs. <u>Measure #1:</u> Percentage of survey respondents to each Finance and Management Section (FMS) that report FMS is meeting their needs.</p>	<p>B1: Establish and Maintain Guaranteed Standards. B2: Continue Customer Service Plan.</p>
End Results	Strategies to Achieve Results
<p>C: Improve overall management of DHSS budget processes.</p> <p><u>Target #1:</u> Increase percentage of federal collections by 1% a year. <u>Measure #1:</u> Percentage of federal collections.</p> <p><u>Target #2:</u> Improve Legislative understanding of the DHSS budget. <u>Measure #2:</u> Respond to 80% of legislative inquiries by Budget Unit within 5 working days.</p>	<p>C1: Increase federal collections. C2: Improve Legislative understanding of the budget.</p>
End Results	Strategies to Achieve Results
<p>D: Facilitate the Department's day-to-day operations through effective and efficient delivery of services.</p> <p><u>Target #1:</u> Reduce the length of time and number of days to respond and close out service calls. <u>Measure #1:</u> Number of days to close out service calls.</p> <p><u>Target #2:</u> 85% of construction projects completed on time and within budget. <u>Measure #2:</u> Percentage of construction projects done on-time and within budget.</p>	<p>D1: Improve IT service call turn around time by implementing and maintaining software tracking system.</p>

FY2008 Resources Allocated to Achieve Results							
<p>FY2008 Results Delivery Unit Budget: \$63,278,500</p>	<p>Personnel:</p> <table> <tr> <td>Full time</td> <td>380</td> </tr> <tr> <td>Part time</td> <td>1</td> </tr> <tr> <td>Total</td> <td>381</td> </tr> </table>	Full time	380	Part time	1	Total	381
Full time	380						
Part time	1						
Total	381						

Performance Measure Detail

A: Result - Facilitate the Department's Mission Through Superior (effective & efficient) Delivery of Administrative Services.

Target #1: DHSS Administration as a percentage of Department overhead should be below 2%.

Measure #1: Percentage administration personal services is to total department budget.

Percentage administration personal services is to total department budget

Year	YTD Total
2003	3.6%
2004	4.3%
2005	1.3%
2006	1.4%

Analysis of results and challenges: It is the goal of Department of Health and Social Services to keep administrative costs as low as practicable.

Department administration personnel services equal all of Department Support Services RDU. This number is compared to the total DHSS Expenditures.

Target #2: Process capital grant payments within 5 days.

Measure #2: Number of days to process a grant payment after receiving reports.

Number of days to process a grant payment after receiving reports.

Fiscal Year	YTD Total
FY 2003	5.60 days
FY 2004	4.89 days
FY 2005	3.11 days
FY 2006	3.36 days

Analysis of results and challenges: For FY06, there were 93 capital grant payments, all processing within 15 days.

A1: Strategy - Implement Business Process Reviews.

A2: Strategy - Implement Department's Administrative Training Plan Curriculum.

B: Result - Improve Customer Service

Target #1: Increase by 2% the percentage of customers that report that Finance and Management Services is meeting their needs.

Measure #1: Percentage of survey respondents to each Finance and Management Section (FMS) that report FMS is meeting their needs.

Finance and Management Service Functions - % Agree or Strongly Agree meeting service needs:					
Service	2003	2004	% Change	2005	% Change
Grants & Contracts	68.2%	64.9%	-5.1%	65.4%	0.8%
Procurement	70.6%	66.5%	-6.2%	71.3%	6.7%
Facilities Management	75.7%	76.1%	0.5%	76.5%	0.5%
Audit	74.0%	81.9%	9.6%	78.3%	-4.6%
Finance	63.1%	64.8%	2.6%	62.7%	-3.3%
Information Services	72.4%	71.4%	-1.4%	70.9%	-0.7%
Budget	66.8%	67.4%	0.9%	70.8%	4.8%
Assistant Commissioner's Office	74.3%	71.9%	-3.3%	76.7%	6.3%
Human Resources*	60.0%	57.0%	-5.3%	65.2%	12.6%
* No longer in DHSS but still tracking.					

Analysis of results and challenges: An internal customer survey on Finance and Management Services performance is conducted annually. The 2006 survey has not been completed.

Survey results show that 64.0% of survey respondents ranked overall FMS service performance to be above average (6) or higher on a scale of 1-10.

Individual core services are surveyed, however only the overall results are shown in the above table. Combined average of respondents agreeing or highly agreeing that core services are meeting their needs is 71.5% for 2005, an increase of 0.9% over 2004. This is compared to a 0% increase from FY03 to FY04.

The long-term target is to increase the % of respondents showing that FMS is meeting their needs by 5% from the base year of 2003.

Although the department saw increased results in some service areas from FY04 to FY05, the overall % did not meet expectations. Finance and Management Services conducted Business Process Reviews in FY05 on all services provided and is in the process of implementing recommendations from those reviews. We anticipate that these improvement areas, i.e. finance, budget and revenue, will help increase respondent ratings in FY06.

B1: Strategy - Establish and Maintain Guaranteed Standards.**B2: Strategy - Continue Customer Service Plan.**

C: Result - Improve overall management of DHSS budget processes.

Target #1: Increase percentage of federal collections by 1% a year.

Measure #1: Percentage of federal collections.

Percent of DHSS Budget that is Federal

Year	YTD Total
2002	51.4%
2003	53.6%
2004	54.5%
2005	54.8%
2006	54.5%

Analysis of results and challenges: It is important to note that because the Department of Health and Social Services has a large number of federal programs, the more federal revenue that we receive, the less general funds that the department has to use.

Target #2: Improve Legislative understanding of the DHSS budget.

Measure #2: Respond to 80% of legislative inquiries by Budget Unit within 5 working days.

% of Responses for Legislative Requests made within 5 working days

Fiscal Year	YTD Total
FY 2002	83%
FY 2003	83%
FY 2004	78%
FY 2005	79%
FY 2006	80%

Analysis of results and challenges: It is important that policy makers working on key budget issues get their information timely in order to make decisions regarding the DHSS budget.

The Budget Section received approximately 147 requests in CY 2003, 186 in CY 2004 and 236 in FY 2005.

In previous years (2002 to 2004) the data was reported on calendar year but starting in (2005) the data is collected by fiscal year. The average processing time for FY2006 is 3.52 days and 80% were completed within 5 working days.

C1: Strategy - Increase federal collections.**C2: Strategy - Improve Legislative understanding of the budget.****D: Result - Facilitate the Department's day-to-day operations through effective and efficient delivery of services.**

Target #1: Reduce the length of time and number of days to respond and close out service calls.

Measure #1: Number of days to close out service calls.

Average Number of Days to Complete Service

Fiscal Year	YTD Total
FY 2005	8.2 days
FY 2006	4.9 days

FY 2005 data represents only 3 quarters. This measure began at the start of the 2nd quarter.

Analysis of results and challenges: This measure was developed at the start of 2nd quarter in FY05. It is important to note that FY05 was the first year of integrated service delivery and not all divisions were in the system. In 2006, all divisions were in the system; the data was consistent and showed a 50% improvement in turnaround time.

There are a total of 15 categories of work/service performed that have been used to calculate the above averages. (In the 2nd quarter there were only 13 categories tracked.)

Examples of categories are, but not limited to:

Setting up Accounts; Application work; password setup; procurement of equipment; relocation of equipment; security; software; web; hardware or file maintenance, etc.

Target #2: 85% of construction projects completed on time and within budget.

Measure #2: Percentage of construction projects done on-time and within budget.

Percent of Completed Construction Projects On Time and Within Budget.

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2006	100%	100%	56%	85%	85.25%

Analysis of results and challenges: The Department began tracking construction projects in FY 06. Since that time, 85.25% of construction projects have been completed on time and within budget.

D1: Strategy - Improve IT service call turn around time by implementing and maintaining software tracking system.

Key RDU Challenges

As the administrative and management unit of the department the following are key challenges:

- As the State Medicaid agency, DHSS is consistently challenged by federal changes in policy that would reduce the amount of federal funds in the Medicaid program. In particular the Center for Medicare and Medicaid Services (CMS) is pressuring the states to conform to the administration's 2007 budget proposal that would shift over \$12 billion from federal to state responsibility, in spite of Congressional opposition;
- Continued implementation of a department wide Quality Management Program, despite problems in recruiting key staff;
- Complete development and implementation of the new virology lab in Fairbanks despite significant cost increases;
- Initial efforts to develop a new Medicaid Management Information System (MMIS) were unsuccessful, and the department is currently pursuing a claim against the vendor; a new RFP was released on November 3, 2006 with requests for Proposals due in January 2007;
- Development of a new DHSS Revenue Management System that will provide timely claims and federal reporting;
- Using the State Travel Office, particularly in rural areas of Alaska;
- The department's School-Based Medicaid Administrative claiming process is under scrutiny despite the department's efforts to mirror Alaska's plan from an approved program in the State of Oregon;
- Managing the highly charged Certificate of Need program;
- Recruitment and retention of state staff at all levels and all backgrounds so that the mission of the department will continue;
- Providing support to the state enterprise IT initiatives while maintaining a priority on DHSS projects at the same time.

Significant Changes in Results to be Delivered in FY2008

Improvement in results will continue with investments in information technology and providing a general fund offset to lost federal funds from the Deficit Reduction Act.

Major RDU Accomplishments in 2006

- Completed facility renovations to the Palmer facility to meet the U.S. Department of Veterans Affairs' standards for establishment of a state veteran's home;
- The Office of Faith Based and Community Initiatives was awarded a \$500,000 federal grant for a demonstration grant;
- DHSS received approval from federal Center for Medicare and Medicaid Services (CMS) for funding for a new Medicaid Management Information System (MMIS).
- Developed a long term Medicaid forecast model from a contract with the Lewin Group/ECONorthwest;
- Initiated phase II of grants database (eGrants) in preparation for grantee roll-out in FY07;
- The audit unit recovered \$2.6 million of unexpended or misspent grant funds from grantees;
- Reorganized the Revenue unit into a separate unit in FMS to improve the effectiveness of that unit;
- Successfully compiled data with a new electronic survey from 43 of Alaska's school districts for the Medicaid School-Based claim program;
- Reinstated a department safety program to manage OSHA and other employee safety issues;
- Negotiated lease agreement with Providence Hospital for the Crisis Treatment Unit;
- Implemented several components of a comprehensive IT network security program and implemented innovative software (LanDesk) and hardware (Citrix Netscaler) to improve performance.

Contact Information

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

**Departmental Support Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2006 Actuals				FY2007 Management Plan				FY2008 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Medicaid School Based Admin Clms	0.0	5,757.8	0.0	5,757.8	0.0	6,243.8	0.0	6,243.8	0.0	6,243.8	0.0	6,243.8
Non-Formula Expenditures												
Unallocated Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commissioner's Office	275.5	383.7	586.1	1,245.3	213.7	370.9	394.5	979.1	337.2	371.5	395.7	1,104.4
Office of Program Review	625.3	552.5	237.8	1,415.6	1,268.7	1,157.9	57.8	2,484.4	1,639.2	1,366.4	58.1	3,063.7
Ofc/Faith Based&Com m Initiatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	414.3	500.0	0.0	914.3
Rate Review	503.2	498.8	0.0	1,002.0	527.3	532.6	0.0	1,059.9	750.0	754.8	0.0	1,504.8
Assessment and Planning	30.8	30.5	0.0	61.3	125.0	125.0	0.0	250.0	125.0	125.0	0.0	250.0
Administrative Support Svcs	4,681.8	6,253.9	1,693.3	12,629.0	8,253.0	6,686.8	1,803.6	16,743.4	8,164.7	6,951.0	1,857.3	16,973.0
Hearings and Appeals	372.2	102.6	0.0	474.8	574.1	136.4	0.0	710.5	664.4	174.7	0.0	839.1
Facilities Management	24.4	98.8	714.7	837.9	98.9	104.7	780.6	984.2	191.4	117.3	791.4	1,100.1
Health Planning & Infrastructure	149.6	1,738.7	176.6	2,064.9	150.7	3,264.3	205.8	3,620.8	154.7	3,475.3	168.5	3,798.5
Information Technology Services	7,067.2	5,755.9	947.0	13,770.1	6,740.2	8,375.3	1,237.4	16,352.9	7,928.2	8,706.6	1,351.6	17,986.4
Facilities Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	2,584.9	2,584.9	0.0	0.0	2,584.9	2,584.9
Pioneers' Homes	0.0	0.0	0.0	0.0	0.0	0.0	2,125.0	2,125.0	0.0	0.0	2,125.0	2,125.0

**Departmental Support Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2006 Actuals				FY2007 Management Plan				FY2008 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Facilities Maint												
HSS State	3,920.8	524.6	0.0	4,445.4	4,262.0	425.6	79.3	4,766.9	4,285.6	425.6	79.3	4,790.5
Facilities Rent												
Totals	17,650.8	21,697.8	4,355.5	43,704.1	22,213.6	27,423.3	9,268.9	58,905.8	24,654.7	29,212.0	9,411.8	63,278.5

**Departmental Support Services
Summary of RDU Budget Changes by Component
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>
FY2007 Management Plan	22,213.6	27,423.3	9,268.9	58,905.8
Adjustments which will continue current level of service:				
-Commissioner's Office	100.5	-49.2	-50.1	1.2
-Office of Program Review	280.7	121.0	-60.8	340.9
-Rate Review	156.1	155.6	0.0	311.7
-Administrative Support Svcs	-1,117.6	-471.6	-189.4	-1,778.6
-Hearings and Appeals	30.1	30.0	0.0	60.1
-Facilities Management	88.3	0.0	-88.3	0.0
-Health Planning & Infrastructure	0.0	0.4	0.0	0.4
-Information Technology Services	574.0	-535.3	-38.4	0.3
-HSS State Facilities Rent	-174.9	0.0	0.0	-174.9
Proposed budget decreases:				
-Health Planning & Infrastructure	0.0	0.0	-51.1	-51.1
Proposed budget increases:				
-Commissioner's Office	23.0	49.8	51.3	124.1
-Office of Program Review	89.8	87.5	61.1	238.4
-Ofc/Faith Based&Comm Initiatives	414.3	500.0	0.0	914.3
-Rate Review	66.6	66.6	0.0	133.2
-Administrative Support Svcs	1,029.3	735.8	243.1	2,008.2
-Hearings and Appeals	60.2	8.3	0.0	68.5
-Facilities Management	4.2	12.6	99.1	115.9
-Health Planning & Infrastructure	4.0	210.6	13.8	228.4
-Information Technology Services	614.0	866.6	152.6	1,633.2
-HSS State Facilities Rent	198.5	0.0	0.0	198.5
FY2008 Governor	24,654.7	29,212.0	9,411.8	63,278.5