

# **State of Alaska FY2019 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**

Provide access to integrated behavioral health services for individuals experiencing an emotional disturbance and/or a substance use disorder.

This component of Alaska Medicaid is under the programmatic oversight of the Department of Health and Social Services, Division of Behavioral Health.

**Core Services**

- Behavioral Health Clinic Services are provided to children and adults who have been identified through an assessment as experiencing an emotional disturbance. Services include the following: crisis intervention; family, individual, or group psychotherapy; intake and psychiatric assessment; psychological testing; and medication management. Clinic services are provided by state-approved outpatient community mental health clinics and mental health physician clinics.
- Rehabilitation Services are provided to children and adults identified through an assessment as experiencing a severe emotional disturbance, a serious mental illness, or a substance use disorder. Services include assessments, therapeutic behavioral services, comprehensive community support, peer support, recipient support services, medication management, day treatment, case management, structured residential programs, and medical services directly related to substance use and detoxification.
- Psychological services are limited to medically necessary psychological testing to determine the status of a recipient's mental, intellectual, and emotional functioning. Services require a referral and must include administration of psycho-diagnostic tests, the interpretation of results, and a written report.
- Inpatient Psychiatric Facility Services are provided to children under 21 years of age who are experiencing a severe emotional disturbance with a documented need for inpatient psychiatric hospital or residential psychiatric treatment center services. Services must be based on certification of an interdisciplinary team that the treatment needs of the patient cannot be met in a community setting; clinical information that includes diagnostic evaluation and a psychiatric evaluation; and approval.

**Major Component Accomplishments in 2017**

In FY2017 the Behavioral Health Medicaid component provided services to 15,148 persons at an average annual cost of \$9.8 per recipient. This is an increase in the number served from the previous year when we served 14,019 persons and we saw a decrease in an average annual cost of \$10.9. At the same time we have seen an expansion in persons accessing care through the Medicaid Expansion

**Key Component Challenges**

- The Division of Behavioral Health (DBH) has significantly reorganized its staffing sections in order to begin to respond to the impact of the various initiatives approved in SB74 (2016) that impact DBH, working to better position DBH and its staff for the advent of the many changes coming its way. Additional staffing changes will be necessary as the full extent of the redesigned behavioral health care system is better understood. DBH recently replaced our research manager that had been with DBH for nearly 9 years. This has had a significant impact on the institutional knowledge within the research unit.
- The Division's staff is actively working to respond to concerns around the benefits and appropriateness of its present documentation requirements, while also needing to respond to a value-based rather than a volume-based payment system. The Division must develop the capacity to collect data that enables the Division to effectively evaluate whether the new behavioral health system of care being developed is, in fact, providing better access to care and better, positive outcomes through the quality of the care delivered to the recipients of services.

- Developing a comprehensive and cohesive information technology system will be a crucial element in assessing the rapidly changing behavioral health continuum of care within Alaska. The Division of Behavioral Health is working with departmental information technology planning to on-board the Division's Alaska Automated Information Management System (AKAIMS) onto Alaska's public / private health information exchange (HIE, known as AeHN, or the Alaska e-Health Network)..

### **Significant Changes in Results to be Delivered in FY2019**

- Begin to deliver services in FY2019 under DBH's new Autism Services regulation program to children and families with children diagnosed with an autism spectrum disorder requiring medically necessary services. In FY2016, the U.S. Centers for Medicare and Medicaid Services mandated that autism spectrum disorder services be provided. The Department will provide this new Medicaid service through the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) program.
- Development of 1115 Behavioral Health Waiver and other ramifications of SB74 and SB91 are requiring significant restructuring of the current services array. Some of these models will be in full operation by FY2018, and others will still be in development.
- Seek improvement in the State's integrated delivery of behavioral health services by completing negotiations with CMS around the Department's application to CMS for an 1115 Behavioral Health Demonstration Waiver, with a hopeful effective date of the latter half of FY2019.
- In the summer and fall of 2018 review eligible responses to the Division of Behavioral Health's RFP for the services of an Administrative Services Organization (ASO) and award a contract for assistance in primary management of the State's behavioral health care services delivery system. The ASO contract is expected to be awarded in early 2019 with full management implemented by July, 2019.
- Phase One of the 1115 Behavioral Health Waiver will be implemented in the latter part of FY2019 which will include recruiting providers for the expanded local, community-based behavioral health services and systems changes anticipated to reach more people in need of behavioral health services.

### **Statutory and Regulatory Authority**

AS 47.07 Medical Assistance for Needy Persons  
AS 47.25 Public Assistance

Administrative Code:

7 AAC 43 Medicaid  
7 AAC 100 Medicaid Assistance Eligibility  
7 AAC 160 Medicaid Coverage and Payment

Social Security Act:

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

Code of Federal Regulations:

42 CFR Part 400 to End

**Contact Information**

**Contact:** Shawnda O'Brien, Assistant Commissioner

**Phone:** (907) 465-1630

**Fax:** (907) 465-2499

**E-mail:** shawnda.obrien@alaska.gov

**Component Detail All Funds**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Medicaid Services (595)

Formula Component

	FY2017 Actuals	FY2018 Conference Committee	FY2018 Authorized	FY2018 Management Plan	FY2019 Governor	FY2018 Management Plan vs FY2019 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	1,872.3	5,376.9	5,376.9	5,376.9	6,851.9	1,475.0	27.4%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	231,623.4	199,298.1	199,298.1	199,298.1	250,394.9	51,096.8	25.6%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>233,495.7</b>	<b>204,675.0</b>	<b>204,675.0</b>	<b>204,675.0</b>	<b>257,246.8</b>	<b>52,571.8</b>	<b>25.7%</b>
<b>Fund Sources:</b>							
1002Fed Rcpts (Fed)	149,255.1	135,387.0	135,387.0	135,387.0	167,773.2	32,386.2	23.9%
1003G/F Match (UGF)	1,456.6	3,100.3	3,100.3	3,100.3	3,100.3	0.0	0.0%
1004Gen Fund (UGF)	0.0	850.0	850.0	850.0	850.0	0.0	0.0%
1007I/A Rcpts (Other)	12,972.3	0.0	0.0	0.0	0.0	0.0	0.0%
1037GF/MH (UGF)	69,675.5	62,707.7	62,707.7	62,707.7	81,780.8	19,073.1	30.4%
1092MHTAAR (Other)	136.2	1,912.5	1,912.5	1,912.5	2,650.0	737.5	38.6%
1108Stat Desig (Other)	0.0	717.5	717.5	717.5	717.5	0.0	0.0%
1246Recid Redu (DGF)	0.0	0.0	0.0	0.0	375.0	375.0	100.0%
<b>Unrestricted General (UGF)</b>	<b>71,132.1</b>	<b>66,658.0</b>	<b>66,658.0</b>	<b>66,658.0</b>	<b>85,731.1</b>	<b>19,073.1</b>	<b>28.6%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>375.0</b>	<b>375.0</b>	<b>100.0%</b>
<b>Other Funds</b>	<b>13,108.5</b>	<b>2,630.0</b>	<b>2,630.0</b>	<b>2,630.0</b>	<b>3,367.5</b>	<b>737.5</b>	<b>28.0%</b>
<b>Federal Funds</b>	<b>149,255.1</b>	<b>135,387.0</b>	<b>135,387.0</b>	<b>135,387.0</b>	<b>167,773.2</b>	<b>32,386.2</b>	<b>23.9%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2018 Conference Committee To FY2018 Authorized *****												
<b>FY2018 Conference Committee</b>												
	ConfCom	204,675.0	0.0	0.0	5,376.9	0.0	0.0	199,298.1	0.0	0	0	0
1002 Fed Rcpts		135,387.0										
1003 G/F Match		3,100.3										
1004 Gen Fund		850.0										
1037 GF/MH		62,707.7										
1092 MHTAAR		1,912.5										
1108 Stat Desig		717.5										
<b>Subtotal</b>		<b>204,675.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5,376.9</b>	<b>0.0</b>	<b>0.0</b>	<b>199,298.1</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2018 Management Plan To FY2019 Governor *****												
<b>Reverse Mental Health Trust Recommendation</b>												
	OTI	-1,912.5	0.0	0.0	-1,912.5	0.0	0.0	0.0	0.0	0	0	0
1092 MHTAAR		-1,912.5										
Reverse Mental Health Trust recommendation.												
<b>MH Trust: Administrative Services Organization</b>												
	IncOTI	2,650.0	0.0	0.0	2,650.0	0.0	0.0	0.0	0.0	0	0	0
1092 MHTAAR		2,650.0										
This funding is for DHSS to contract with an Administrative Service Organization for assisting to manage the behavioral health system transformation. As part of the development of the 1115 Behavioral Health System Reform effort, DHSS will explore an ASO to quality and outcomes management, provider network development, data management, utilization management, cost management, claims processing and coordination with larger Medicaid Resign efforts.												
<b>Third Year Medicaid Reform; Telemedicine; Drug Database Ch25 SLA2016 (SB74)</b>												
	Inc	4,237.5	0.0	0.0	737.5	0.0	0.0	3,500.0	0.0	0	0	0
1002 Fed Rcpts		3,907.5										
1037 GF/MH		330.0										
Fiscal Note 55 - SB74												
The costs of implementing SB74 are anticipated to increase by \$3,500.0 in FY2019 for increased grants spending due to Medicaid Redesign Initiatives and by \$1,800.0 in FY2019 for the Administrative Service Organization Contract.												
The costs of implementing SB74 are anticipated to decrease by \$250.0 due to the 1115 Consulting Contract ending in FY2018 and by another \$75.0 due to the end of the Certified Community Behavioral Health Clinic Prospective Payment Pilot.												
<b>Third Year Omnibus Crime Law &amp; Procedure; Corrections Ch36 SLA2016 (SB91)</b>												
	Inc	1,500.0	0.0	0.0	0.0	0.0	0.0	1,500.0	0.0	0	0	0

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
1002 Fed Rcpts		1,125.0										
1246 Recid Redu		375.0										
Fiscal Note 28 - SB91												
By FY2019 the department will redesign the behavioral health system such that a portion of reenty center services will be billable to Medicaid.												
<b>FY2019 Medicaid Projections</b>												
	Inc	46,096.8	0.0	0.0	0.0	0.0	0.0	46,096.8	0.0	0	0	0
1002 Fed Rcpts		27,353.7										
1037 GF/MH		18,743.1										
During production of the FY2018 budget the department did not anticipate the success of the federal claiming initiatives, such as the Tribal Health program and other reform efforts, as a result existing federal appropriations do not reflect the amount of revenue anticipated by the department. Additional federal authority is needed across the Medicaid RDU to enable uninterrupted payment of provider billings. In FY 2019 the savings created by the Tribal Health program associated with increased enrollment and service delivery is projected to level out and increases in enrollment for non-Medicaid expansion are expected to slow down.												
The program-wide projected general fund expenditures for FY2019 is \$691,411.5. The FY2019 state general fund projection represents the difference between FY2018 GF projected expenditures plus an additional 4.36% increase to account for population and enrollment changes.												
At this time uncertainty exists as to whether the Children's Health Insurance Program (CHIP) will be reauthorized by the Federal government. If CHIP is not reauthorized the federal reimbursement rate for eligible children will decline from 88% to 50%. If reauthorization does not occur an additional \$14,028.0 in additional state general fund authority would be required in order to continue providing Medicaid services to eligible children.												
As in previous fiscal years, the department continues to implement multiple strategies to help address budget challenges, such as withholding schedule inflationary increases in certain payment rates; rate reductions for professional services; and some service reductions have succeeded in offsetting the anticipated shortfall and the projected state general fund expenditures for the state fiscal year are still less than those authorized for in earlier years.												
In FY2015 the Medicaid program covered 163,388 unique individuals in the state of Alaska. In FY2017 218,385 individuals were enrolled in the program, about 40,000 through Medicaid expansion. In FY2019 it is projected that greater than 225,000 Alaskans will be covered by Medicaid, however, through significant coordination between the legislature and department to reform and find federal funding sources for the program, the projected general fund need in FY2019 is lower than the FY2015 budget.												
	<b>Totals</b>	<b>257,246.8</b>	<b>0.0</b>	<b>0.0</b>	<b>6,851.9</b>	<b>0.0</b>	<b>0.0</b>	<b>250,394.9</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Line Item Detail (1676)**  
**Department of Health and Social Services**  
**Services**

**Component:** Behavioral Health Medicaid Services (2660)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000	Services		1,872.3	5,376.9	6,851.9
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>3000 Services Detail Totals</b>			<b>1,872.3</b>	<b>5,376.9</b>	<b>6,851.9</b>
3001	Financial Services		247.0	0.0	0.0
3003	Information Technology	InterQual License and Software, McKesson Technologies.	33.4	35.0	35.0
3011	Other Services	Payment for Qualis Health contract. Qualis Health performs medical necessity review determinations for admission and continued stays; service authorization payment approval for inpatient and residential psychiatric services; and care coordination for children up to age 21 years who are receiving services in a residential psychiatric treatment centers (RPTC) both in Alaska and out of State.	1,551.9	5,341.9	5,341.9
3011	Other Services	This funding is for DHSS to contract with an Administrative Service Organization for Medicaid redesign.	0.0	0.0	1,475.0
3038	Inter-Agency Management/Consulting	Courts - Department-wide	40.0	0.0	0.0



**Line Item Detail (1676)**  
**Department of Health and Social Services**  
**Grants, Benefits**

**Component:** Behavioral Health Medicaid Services (2660)

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
7000	Grants, Benefits		231,623.4	199,298.1	250,394.9
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
		<b>7000 Grants, Benefits Detail Totals</b>	<b>231,623.4</b>	<b>199,298.1</b>	<b>250,394.9</b>
7001	Grants		-593.3	0.0	0.0
7002	Benefits	Payments for behavioral health services for Medicaid clients, including the clients who will be newly eligible through Medicaid expansion.	232,216.7	199,298.1	250,394.9

**Revenue Detail (1681)**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>5002 Fed Rcpts (1002 Fed Rcpts)</b>			<b>149,255.1</b>	<b>135,387.0</b>	<b>167,773.2</b>
5019 Federal - Miscellaneous Grants		Medicaid Federal Collections-The bulk of the federal funding for the Medicaid benefits comes from claims reimbursed at the federal medical assistance percentage of FMAP. Additional Medicaid funds sources are IHS (Indian Health Services) at 100% FMAP for specific programs. Actual collections are based on the proportion of the expenditures eligible for each type of federal reimbursement.	149,255.1	135,387.0	167,773.2
<b>5007 I/A Rcpts (1007 I/A Rcpts)</b>			<b>12,972.3</b>	<b>0.0</b>	<b>0.0</b>
5301 Inter-Agency Receipts	H&SS - Foster Care Special Need (2238)		12,972.3	0.0	0.0
<b>5108 Stat Desig (1108 Stat Desig)</b>			<b>37.6</b>	<b>717.5</b>	<b>717.5</b>
5204 Statutory Dsgntd Prgm Rcpts Hlth & Hmn Svcs - Chrsgs for Svcs		Recovery of Overpayments to Medicaid providers discovered through audit.	37.6	717.5	717.5
<b>5246 Recid Redu (1246 Recid Redu)</b>			<b>0.0</b>	<b>0.0</b>	<b>375.0</b>
5246 Recidivism Reduction Selective Sales Use Taxes		According to the SB91 fiscal note, reentry centers will be billable to Medicaid and paid 75% federal / 25% recidivism reduction fund	0.0	0.0	375.0
<b>6092 MHTAAR (1092 MHTAAR)</b>			<b>0.0</b>	<b>1,912.5</b>	<b>2,650.0</b>
6691 Mental Health Trust Auth Auth Rec - Miscellaneous		Mental Health Trust Authority Authorized Receipts	0.0	1,912.5	2,650.0

**Inter-Agency Services (1682)**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)

			FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>Component Totals</b>			<b>40.0</b>	<b>0.0</b>	<b>0.0</b>
With Judiciary			40.0	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2017 Actuals</b>	<b>FY2018 Management Plan</b>	<b>FY2019 Governor</b>
3038	Inter-Agency Management/Consulting	Courts - Department-wide	40.0	0.0	0.0