

FY2018 Supplemental Amendments to
HB 284 / SB 142

Line	Back-up Page	Bill Number	Bill Section	Bill Page	Bill Line	Department	Component	Lang	Description	Unrestricted General Funds (UGF)	Designated General Funds (DGF)	Other Funds	Federal Funds	Total	Fund Source
1	SUPPLEMENTAL AMENDMENTS														
2	1	HB284 / SB142	12(b)	23	New	Health and Social Services	Alaska Psychiatric Institute	Y	Operational Costs for Acute Mental Health Services (FY18-FY19) The department recommends a three-pronged approach to address the shortfall of available beds at API: 1.) Increasing the number of nursing positions at the hospital; 2.) Offering a competitive wage to nurses employed at the facility; and 3.) Providing recruitment incentives to enhance our ability to hire and keep nurses employed at the facility.	\$1,736.0	\$0.0	\$1,364.0	\$0.0	\$3,100.0	1037 UGF \$1,736.0 1007 I/A Rcpts \$682.0 1108 SDPR \$682.0
3						Funding Summary				\$1,736.0	\$0.0	\$1,364.0	\$0.0	\$3,100.0	
4						Total of FY2018 April 30 Supplemental Amendments				\$1,736.0	\$0.0	\$1,364.0	\$0.0	\$3,100.0	

FY2019 Capital Budget Amendment (HB 284 / SB 142)

Amend Sec. 12. DEPARTMENT OF HEALTH AND SOCIAL SERVICES as follows:

* **Sec. 12.** DEPARTMENT OF HEALTH AND SOCIAL SERVICES. **(a)** The sum of \$5,000,000 is appropriated from the general fund to the Department of Health and Social Services, public assistance, Alaska temporary assistance program, to satisfy the federal maintenance of effort requirement for the fiscal years ending June 30, 2018, and June 30, 2019.

(b) The sum of \$1,736,000 is appropriated from the general fund to the Department of Health and Social Services, behavioral health, Alaska psychiatric institute, for the fiscal years ending June 30, 2018, and June 30, 2019.

(c) The sum of \$682,000 of designated program receipts (AS 37.05.146(b)(3)) is appropriated to the Department of Health and Social Services, behavioral health, Alaska psychiatric institute, for the fiscal years ending June 30, 2018, and June 30, 2019.

(d) The sum of \$682,000 of interagency receipts is appropriated to the Department of Health and Social Services, behavioral health, Alaska psychiatric institute, for the fiscal years ending June 30, 2018, and June 30, 2019.

Effective Date June 30, 2018.

EXPLANATION:

Due to a critical nursing shortage that has long persisted at the facility, Alaska Psychiatric Institute (API) is unable to reopen 22 beds, and is operating at 58 of its 80-bed capacity. Alaskans who are in need of acute mental health services are unable to access these services, and are waiting in emergency departments across the state. With an infusion of \$3.1 million (\$1.7 in general funds) to increase nursing positions, offer a competitive wage to nurses, and provide recruitment and retention incentives, the Alaska Psychiatric Institute would be able to expand its capacity and reduce the waitlist of patients in need of its services.

Change Record Detail with Description - Ignoring Included Scenarios (355)
Department of Health and Social Services

Scenario: FY2018 Supplemental April 30 (14938)
Component: Alaska Psychiatric Institute (AR H029) (311)
RDU: Behavioral Health (483)

Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Operational Costs for Acute Mental Health Services (FY18-FY19) (ADN: 06-2018-0618)												
(Language)	MultiYr	3,100.0	3,100.0	0.0	0.0	0.0	0.0	0.0	0.0	20	0	0
1007 I/A Rcpts		682.0										
1037 GF/MH		1,736.0										
1108 Stat Desig		682.0										

The Alaska Psychiatric Institute (API) provides emergency and court-ordered inpatient psychiatric services to support recovery from mental illness. The facility serves a critical role in Alaska as the only state-run psychiatric hospital, and has long been challenged to keep up with the demand for its services.

Over the course of this legislative session department staff have testified about the challenges we have faced in operating the facility at full capacity. In December 2017, the facility began renovations to meet standards required by the Joint Commission, the national accreditation organization for health care programs and organizations. In the course of these renovations the facility reduced available beds and, over the last few months, a nursing shortage that has long persisted at the facility became critical. As a result, API is unable to reopen 22 beds, and is operating at 58 of its 80-bed capacity—even though safety renovations required by the Joint Commission are now complete. Alaskans who are in need of acute mental health services are unable to access these services, and are waiting in emergency departments across the state.

The department recommends a three-pronged approach to address the needs of these patients: 1.) Increasing the number of nursing positions at the hospital; 2.) Offering a competitive wage to nurses employed at the facility; and 3.) Providing recruitment incentives to enhance our ability to hire and keep nurses employed at the facility.

Nursing positions and competitive wages

API has 52 registered nurse (RN) positions; however, there are 10 nursing vacancies and 9 more nurses are on various types of leave (i.e. FMLA and Worker's Comp, etc.). This means API has 33 RNs, not 52, available to work. While API has recently been able to contract with a total of 5 more temporary RNs, the hospital is unable to reopen beds without additional nursing staff. Twenty RN positions would be needed to ensure we always have a complement of nurse's onsite, allowing us to keep all 80 beds at the facility open and available.

Making more positions available is not an effective solution if the wages for these positions are not competitive with nursing jobs elsewhere. The department is working with the Department of Administration to address a salary study for the psychiatric nursing positions, and we have expressed the urgency of the need for a quick resolution. Nonetheless, we anticipate the results of such a study could not be implemented until early FY2019. In the meantime, our best estimate is that raising the salaries of the existing 52 RN positions to a competitive level would cost a total of \$0.7 million. (The salary increase is based on our best estimate of the market at this time. Until the study or review of the salaries has been completed we have not way of accurately projecting these increases.)

The estimated cost of both adding extra psych nurse positions to ensure there is always a full complement of nurses available and paying them a competitive wage would be:

New RNs at a competitive wage
20 RN IIs =\$2.4 million
15 RN IIs =\$1.8 million
10 RN IIs =\$1.2 million

Change Record Detail with Description - Ignoring Included Scenarios (355)
Department of Health and Social Services

Scenario: FY2018 Supplemental April 30 (14938)
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RDU: Behavioral Health (483)

Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	PFT	Positions PPT	NP
Funding for this request would be broken out as follows:												
22% Statutory Designated Program Receipts												
56% GF (currently uses GF Mental Health funds)												
22% Interagency Receipts												
Recruitment and incentive bonuses for psychiatric nurses are estimated at \$10,000 each. With turnover estimated at 42% annually based on a total of 72 positions, the total cost to offer these incentives would be \$0.3 million.												
In summary, with an infusion of \$3.1 million (\$1.7 in general funds) to increase nursing positions, offer a competitive wage to nurses, and provide recruitment and retention incentives, the Alaska Psychiatric Institute would be able to expand its capacity and reduce the waitlist of patients in need of its services.												
I want to emphasize that the department has been at work on multiple strategies to address the long-term needs of Alaskans who need acute mental health treatment at API. This work will continue and includes:												
1. Development of the 1115 Behavioral Health Medicaid Waiver which, if approved by the Centers for Medicaid and Medicare Services, will add needed services to the behavioral health continuum of care, reducing the need for acute care services at API;												
2. Seeking legislative support for expanded Disproportionate Share Hospital funding for hospitals that are addressing the needs of patients in their Emergency Departments who need services at API;												
3. Seeking legislative support for the forensic hospital feasibility study;												
4. Seeking legislative support for renovations to expand the Anchorage Pioneer Home by 6 beds to serve patients needing significant dementia care, some of whom are currently at API;												
5. Seeking legislative support for additional 18M in substance use disorder services;												
6. Working with the Alaska Mental Health Trust Authority on a contract to assess the feasibility of adding approximately 20 beds to API;												
7. DHSS approval of the Certificates of Need for Alaska Regional Hospital and the Mat-Su Regional Hospital to convert/add beds for psychiatric patients												
	Totals	3,100.0	3,100.0	0.0	0.0	0.0	0.0	0.0	0.0	20	0	0



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

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April 30, 2018

The Honorable Neal Foster, Co-Chair
The Honorable Paul Seaton, Co-Chair
House Finance Committee
Room 519
Alaska State Capitol
Juneau, AK 99801

The Honorable Lyman Hoffman, Co-Chair
The Honorable Anna MacKinnon, Co-Chair
Senate Finance Committee
Room 532
Alaska State Capitol
Juneau, AK 99801

Dear Senators MacKinnon and Hoffman and Representatives Seaton and Foster:

I'm writing this letter to address current concerns regarding the Alaska Psychiatric Institute and request your collaboration on a possible path forward.

The Alaska Psychiatric Institute (API) provides emergency and court-ordered inpatient psychiatric services to support recovery from mental illness. The facility serves a critical role in Alaska as the only state-run psychiatric hospital, and has long been challenged to keep up with the demand for its services.

Over the course of this legislative session department staff have testified about the challenges we have faced in operating the facility at full capacity. In December 2017, the facility began renovations to meet standards required by the Joint Commission, the national accreditation organization for health care programs and organizations. In the course of these renovations the facility reduced available beds and, over the last few months, a nursing shortage that has long persisted at the facility became critical. As a result, API is unable to reopen 22 beds, and is operating at 58 of its 80-bed capacity—even though safety renovations required by the Joint

Commission are now complete. Alaskans who are in need of acute mental health services are unable to access these services, and are waiting in emergency departments across the state.

The department recommends a three-pronged approach to address the needs of these patients: 1.) Increasing the number of nursing positions at the hospital; 2.) Offering a competitive wage to nurses employed at the facility; and 3.) Providing recruitment incentives to enhance our ability to hire and keep nurses employed at the facility.

Nursing positions and competitive wages

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Making more positions available is not an effective solution if the wages for these positions are not competitive with nursing jobs elsewhere. The department is working with the Department of Administration to address a salary study for the nursing positions, and we have expressed the urgency of the need for a quick resolution. Nonetheless, we anticipate the results of such a study could not be implemented until early FY2019. In the meantime, our best estimate is that raising the salaries of the existing 52 RN positions to a competitive level would cost a total of \$0.7 million. (The salary increase is based on our best estimate of the market at this time. Until the study or review of the salaries has been completed we have not way of accurately projecting these increases.)

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Recruitment incentives

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In summary, with an infusion of \$3.1 million (\$1.7 in general funds) to increase nursing positions, offer a competitive wage to nurses, and provide recruitment and retention incentives, the Alaska Psychiatric Institute would be able to expand its capacity and reduce the waitlist of patients in need of its services.

I want to emphasize that the department has been at work on multiple strategies to address the long-term needs of Alaskans who need acute mental health treatment at API. This work will continue and includes:

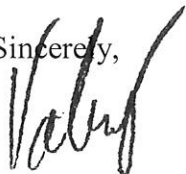
1. Development of the 1115 Behavioral Health Medicaid Waiver which, if approved by the Centers for Medicaid and Medicare Services, will add needed services to the behavioral health continuum of care, reducing the need for acute care services at API;
2. Seeking legislative support for expanded Disproportionate Share Hospital funding for hospitals that are addressing the needs of patients in their Emergency Departments who need services at API;
3. Seeking legislative support for the forensic hospital feasibility study;
4. Seeking legislative support for renovations to expand the Anchorage Pioneer Home by 6 beds to serve patients needing significant dementia care, some of whom are currently at API;
5. Seeking legislative support for additional 18M in substance use disorder services;
6. Working with the Alaska Mental Health Trust Authority on a contract to assess the feasibility of adding approximately 20 beds to API;
7. DHSS approval of the Certificates of Need for Alaska Regional Hospital and the Mat-Su Regional Hospital to convert/add beds for psychiatric patients

If you would like further background about API, its recent history and current needs, I would direct you to the following presentation provided to the House Health and Social Services Committee on April 10th, 2018.

http://www.akleg.gov/basis/get_documents.asp?session=30&docid=55281

I also would be very interested in discussing API needs further with you, and in enlisting your help in improving our ability to serve Alaskans with mental health needs. Please contact me at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'Valerie', with a large, sweeping flourish extending upwards and to the right.

Valerie Nurr'araaluk Davidson
Commissioner

CC: Pat Pitney, Director, Office of Management and Budget
Darwin Peterson, Legislative Director, Office of Governor Bill Walker