

**State of Alaska
FY2023 Governor's Operating Budget**

**Department of Health
Behavioral Health
Results Delivery Unit Budget Summary**

Behavioral Health Results Delivery Unit**Contribution to Department's Mission**

To manage an integrated and comprehensive behavioral health system based on sound policy, effective practices, and open partnerships.

Core Services

- Identify behavioral health needs by population and geography and develop and implement a statewide strategy to meet those needs.
- Develop and maintain a stable, accessible, and sustainable system of behavioral health care for Alaskans in partnership with providers/grantees and communities.
- Protect and promote the improving behavioral health of Alaskans.
- Provide accessible, quality, active inpatient treatment in a safe and appropriate setting, at one of the State's three (3) designated evaluation and treatment (DET) hospitals.
- Provide and coordinate interagency behavioral health care.

Major RDU Accomplishments in 2021**Increasing Medicaid Utilization for Behavioral Health Services**

- The Division of Behavioral Health Medicaid Assistance and Division of Behavioral Health Quality Assurance staff continue to work closely with tribal and non-tribal organizations providing technical assistance to increase the ability of grantee agencies to maximize access to Medicaid revenues for behavioral health services.
- Throughout 2021, the division actively pursued COVID-19 funding opportunities. In 2021, the division was awarded multiple funding opportunities through the federal government in response to COVID-19, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the American Rescue Plan Act (ARPA) funding. The division strategically applied these funds to address gaps in the system of care, mitigate the impact of the coronavirus, and to bridge the transition to the Section 1115 that reforms Alaska's behavioral health system of care.
- A priority for the Division of Behavioral Health was the implementation of the 1115 Behavioral Health Waiver (1115 Waiver) Demonstration Project. The goal of the 1115 Waiver is to enhance the existing behavioral health continuum of care to better meet the needs of Alaskans who experience mental health and substance use disorders. Through the 1115 Waiver, Alaska will transform its behavioral health Medicaid system allowing for effective, cost efficient, and high-quality integrated care serving Alaskans at the right time, at the right level of care.
- The division received Centers for Medicare and Medicaid Services approval for the substance use disorder (SUD) component of the 1115 Waiver in November 2018. In July 2019, implementation of the substance use disorder component of the 1115 Waiver expanded the continuum of care to include several new services to treat symptoms at the mild to moderate level, while aiming to reduce the use of costly acute inpatient and residential treatment services. Twelve new Medicaid covered services were added for youth and adults, including the removal of the institution for mental disease (IMD) exclusion, which now allows Medicaid coverage in facilities of 16 beds or more for individuals over 21 and under 64.
- The division received approval for the behavioral health component of the 1115 Waiver in September 2019. Regulations supporting these new services were made permanent in October of 2020. The major focus of the behavioral health component includes developing community-based services to keep children, adolescents, and adults in their home environments and out of institutional care. The approval of the behavioral health component of the 1115 Waiver combined with the substance use disorder component adds 23 new 1115 Waiver services to the behavioral health continuum of care. Included in these new services are three pillars of the crisis response system, designed to divert patients from hospitals and correctional facilities. 1115 Waiver services are the financial mechanism and leverage required to transition costs from a grant-based system to Medicaid. The ability for behavioral health providers to transition from grants to Medicaid is essential to maintain and increase the level and quality of behavioral health services as the State of Alaska presses forward with behavioral health reform.

- In 2021, over \$50 million dollars – 87% of which was federal match – was added to the behavioral health system of care. Preliminary data show an increase in services provided, for example in FY20 there were 586 unique clients served by 1115 SUD services, and in FY21 there were 2,311 unique clients served by 1115 Waiver.

Administrative Service Organization (ASO)

- The Administrative Services Organization (ASO) works with the division in implementing and managing the 1115 Waiver. The Administrative Service Organization improves coordination of 1115 Waiver services, provides workforce development support, manages cost, and achieves efficiencies in the delivery of services.
- The department completed the proposal evaluation process and the notice of intent to award went to Optum; the department executed the contract in FY 2020. The initial phase of implementation was behavioral health claims adjudication, which represents a new way of doing business for the division. The second phase of implementation will be the provision of administrative support for the following services: services access and utilization, provider regional capacity development and support, participant outreach, and communication and support.
- The division took a strategic, phased in approach to implementing the ASO. Then, due to COVID-19, some of the activities for the ASO (for example Service Authorizations) were stalled. Despite this, in 2021 the first full year of behavioral health claims were paid through the ASO with a total of \$191,166,987 in claims processed and paid to providers. Claims paid through the 1115 Waiver granted payment to providers for treatment services rendered to Alaskans, helping to alleviate some of the economic challenges that providers are facing as a result of the pandemic.

Key RDU Challenges

System Change Management

- Emerging issues on the national and state landscape have profound implications and challenges for the Division of Behavioral Health. The coordination of behavioral health in other non-traditional settings will require changes in business and clinical practice by Alaska's behavioral health providers, requiring new resources and skills, including business modeling that balances fiscal, revenue, and clinical management.
- The addition of claims payment, and the associated accounting, reporting, and recovery requirements, has been a significant change for the division.
- Throughout the pandemic, it became increasingly clear that Alaska behavioral health providers operate in a very fragile network, and the division made extraordinary efforts to support the transition to the new system of care through the targeted use of federal grants. The division will continue to collaboratively plan for and leverage anticipated federal dollars, such as from the American Rescue Plan Act and the Purdue Opioid settlement, to support and sustain the behavioral health system in Alaska.

Medicaid Reform and Behavioral Health System Redesign

- The division is challenged to adapt nimbly, innovatively, and efficiently to behavioral health reform as the 1115 Waiver initiative is fully implemented. The division is in the process of reorganizing the Medicaid Provider Assistance Services Section (MPASS). Additional staffing adjustments will be necessary as the full extent of the redesigned behavioral health care system is better understood.
- With the continued influx of federal dollars, additional subject matter expertise will be needed to manage federal grant submissions and reporting.

Workforce Development

- Workforce is a significant factor in program costs and a challenge for behavioral health programs in Alaska; staff shortages and turnover continue to be a challenge which has been exacerbated by the pandemic. The workforce shortage, which predated the COVID-19 pandemic, has been intensified as a statewide behavioral health crisis progresses.
- The success of the 1115 Waiver will depend on the ability to expand the workforce to implement new services. One area that will likely be a challenge will be to support the substance use disorder workforce to meet the new credentialing requirements for the Qualified Addiction Professional.
- Fully and successfully implementing the certification process for peer support workers will be another challenge. It is important to have appropriately prepared and credentialed workers, but a challenge to make certification accessible to a range of individuals with lived experience.

- The division is actively engaged in discussions around community crisis response services and stabilization centers, which are intended to divert Alaskans from hospital emergency rooms and jails. Both will require additional workforce development to support this new level of care.

Opioid and Substance Use Disorder (SUD) Treatment

- While the 1115 Waiver functions as the funding mechanism, many regions throughout the state lack the infrastructure to implement high priority services. Increased access to substance use disorder services will likely continue to be a challenge as behavioral health providers struggle to balance the use of telehealth and face-to-face service provision during the pandemic.
- 2021 saw an increase in opioid misuse, and it is anticipated that the Purdue Opioid settlement will provide more funding opportunities for opioid treatment and research. Current DBH staffing levels will be stretched to administer this additional influx of funding in addition to the COVID Supplemental and ARPA funds. Resources to administer grants within DBH are already at maximum load.

Local Psychiatric Emergency Services

- The development of quality local psychiatric emergency services throughout the state, as well as the development of alternatives to hospitalization such as mobile crisis response, crisis respite beds and other crisis services are needed to minimize admissions and readmissions to the Alaska Psychiatric Institute, which is the only state-owned psychiatric hospital in Alaska.
- Through the 1115 Waiver, a suite of crisis services is now available; however, the infrastructure necessary to ensure those services are available statewide has yet to be developed. Ongoing efforts include standing up a Crisis Stabilization Center, implementing the Crisis Now model, distributing Disproportionate Share Hospital funds, and expanding limitations on inpatient psychiatric care for eligible patients.
- 2021 saw increased department approvals for 1115 Crisis Stabilization services and FY2023 will be a critical timeframe to provide oversight and administrative support during the implementation of this key piece of the Behavioral Health continuum of care.

Significant Changes in Results to be Delivered in FY2023

The Division of Behavioral Health will integrate the Administrative Services Organization (ASO) through a reorganization with division staff to improve outcomes, increase cost efficiencies, and increase service delivery options in FY2022. Also in FY2022, implementation of new community-based crisis services will be made available through the 1115 Waiver. In FY2023 the deliverables from the ASO that were delayed due to COVID-19 will be fully implemented including Service Authorization, Utilization Management, Care Management, and Provider Capacity.

Behavioral Health Prevention and Early Intervention Grants

- FY2022 will continue to see the division's prevention and intervention program shifting to a more data-driven process. The division's efforts will continue to focus on implementing strategic planning and the use of environmental strategies (strategies to change the conditions that lead to behavioral health concerns, such as youth access to alcohol), while also looking for uniform population-level change (e.g., in 30-day alcohol use by youth; binge drinking; age of onset for alcohol, marijuana and other drugs). The division views these changes as leading to stronger communities and, over time, healthier families.
- Anticipated Purdue Opioid settlement funds will rely on community driven situations to succeed, and Prevention and Early Intervention is the team that develops, supports, and funds community coalitions.

Medicaid Quality Assurance Section

- The division will continue to supervise the Administrative Service Organization, which requires further restructuring within the division as the Administrative Service Organization assumes management of Alaska's complex system of Medicaid-funded behavioral health care and the division takes on the new role of oversight of the Administrative Service Organization's work.

Contact Information

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**Behavioral Health
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2021 Actuals				FY2022 Management Plan				FY2023 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
BH Treatment and Recovery Grants	36,674.7	1,000.0	8,794.4	46,469.1	36,036.2	586.1	9,628.0	46,250.3	35,246.2	578.2	9,628.0	45,452.4
Alcohol Safety Action Program	2,453.5	1,568.5	420.0	4,442.0	2,772.0	1,807.4	525.9	5,105.3	2,699.1	1,813.8	524.9	5,037.8
Behavioral Health Administration	10,162.9	971.8	4,554.7	15,689.4	12,873.2	1,848.2	7,273.5	21,994.9	12,752.5	1,829.7	7,290.1	21,872.3
BH Prev & Early Intervntn Grants	5,189.8	0.0	859.2	6,049.0	5,290.3	0.0	10,799.0	16,089.3	6,190.3	0.0	3,055.0	9,245.3
Designated Eval & Treatment	6,297.8	0.0	0.0	6,297.8	7,294.8	0.0	4,500.0	11,794.8	0.0	0.0	0.0	0.0
AK MH/Alc & Drug Abuse Brds	390.0	518.8	0.0	908.8	452.9	543.4	0.0	996.3	443.9	532.4	0.0	976.3
Suicide Prevention Council	547.7	9.3	0.0	557.0	599.0	30.0	0.0	629.0	595.3	80.0	0.0	675.3
Residential Child Care	3,025.0	0.0	0.0	3,025.0	3,153.1	0.0	0.0	3,153.1	3,153.1	0.0	0.0	3,153.1
Totals	64,741.4	4,068.4	14,628.3	83,438.1	68,471.5	4,815.1	32,726.4	106,013.0	61,080.4	4,834.1	20,498.0	86,412.5

Behavioral Health
Summary of RDU Budget Changes by Component
From FY2022 Management Plan to FY2023 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2022 Management Plan	30,834.7	37,636.8	4,815.1	32,726.4	106,013.0
One-time items:					
-Behavioral Health Administration	0.0	0.0	-480.5	0.0	-480.5
-BH Prev & Early Intervntn Grants	0.0	0.0	0.0	-7,744.0	-7,744.0
-Designated Eval & Treatment	-4,500.0	0.0	0.0	-4,500.0	-9,000.0
-AK MH/Alc & Drug Abuse Brds	0.0	0.0	-491.5	0.0	-491.5
Adjustments which continue current level of service:					
-BH Treatment and Recovery Grants	3,548.0	-3,548.0	0.0	0.0	0.0
-Alcohol Safety Action Program	-72.9	0.0	6.4	-1.0	-67.5
-Behavioral Health Administration	118.4	-239.1	462.0	16.6	357.9
-BH Prev & Early Intervntn Grants	900.0	0.0	0.0	0.0	900.0
-Designated Eval & Treatment	-9,169.8	0.0	-4,500.0	0.0	-13,669.8
-AK MH/Alc & Drug Abuse Brds	-9.0	0.0	480.5	0.0	471.5
-Suicide Prevention Council	-3.7	0.0	0.0	0.0	-3.7
Proposed budget increases:					
-Designated Eval & Treatment	6,375.0	0.0	4,500.0	0.0	10,875.0
-Suicide Prevention Council	0.0	0.0	50.0	0.0	50.0
Proposed budget decreases:					
-BH Treatment and Recovery Grants	-790.0	0.0	-7.9	0.0	-797.9
FY2023 Governor	27,230.7	33,849.7	4,834.1	20,498.0	86,412.5