

**State of Alaska**  
**FY2024 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 to 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 and coordinate interagency behavioral health care.

**Major RDU Accomplishments in 2022****Increased Medicaid Utilization for Behavioral Health Services**

- The Medicaid Provider Assistance Services Section and Treatment and Recovery Services Section staff continue to work with tribal and non-tribal organizations to provide technical assistance to maximize access to Medicaid revenues for behavioral health services.
- Throughout 2022, the division collaborated with the Grants and Contracts office to distribute COVID-19 funding. The division was awarded funding by the federal government in response to COVID-19 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). The division strategically applied these funds to address gaps in the system of care, mitigate the impact of COVID-19, and bridge the transition to the 1115 Behavioral Health Waiver (1115 Waiver) demonstration project that updates Alaska's behavioral health system of care.
- A priority for the Division of Behavioral Health is the ongoing implementation of the 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 is transforming its behavioral health Medicaid system to allow for effective, cost efficient, and high-quality integrated care serving Alaskans at the right time and at the right level of care. The global pandemic delayed the implementation progress of the 1115 Waiver; however, the division is actively engaged with providers and stakeholders in continuing implementation and collaboration to improve the delivery of 1115 Waiver services.
- An outside evaluator will publish an interim report on the status of the 1115 Waiver goals and metrics at the end of calendar year 2022.
- In 2022, 4,979 Alaskans received 1115 Waiver substance use disorder services and 8,002 Alaskans received 1115 Waiver behavioral health services. The federal match for 1115 Medicaid services is currently running at approximately 77 percent.

**Administrative Service Organization (ASO)**

- The administrative service organization works with the division to implement and manage 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 executed the contract with Optum in FY2020, the current ASO. 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 and phased in approach to implementing the administrative service organization. Due to COVID-19, some of the activities (such as service authorizations) were stalled. Despite this, in 2022 behavioral health claims were paid through the administrative service organization with a total of \$251,644,611 in claims processed and paid to providers. Claims paid through the 1115 Waiver to providers

for treatment services rendered to Alaskans helped to alleviate some of the economic challenges that providers faced 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. As a result, the division has 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 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 intensified in recent years.
- The success of the 1115 Waiver will depend on the ability to expand the workforce to implement new services. One potential 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 services provision during the pandemic.
- In 2022, there was an increase in opioid misuse and overdose deaths, and it is anticipated that the Purdue opioid settlement will provide more funding opportunities for opioid treatment and research. Current staffing levels will be stretched to administer this additional influx of funding. Resources to administer grants within the division are already stretched with the continued administration of COVID-19 related funding.

### **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 setting 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.

- In 2021, department approvals for 1115 Crisis Stabilization services increased. Fiscal year 2023 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 FY2024**

- The Division of Behavioral Health will integrate the administrative service organization through a reorganization with division staff to improve outcomes, increase cost efficiencies, and increase service delivery options in FY2023. In FY2023, implementation of new community-based crisis services will be made available through the 1115 Waiver. In FY2024, the deliverables from the administrative service organization will be evaluated through the contractual corrective action plan process.

<b>Contact Information</b>
<p><b>Contact:</b> Sylvan Robb, Division Director <b>Phone:</b> (907) 465-1630 <b>E-mail:</b> sylvan.robbs@alaska.gov</p>

**Behavioral Health  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2022 Actuals				FY2023 Management Plan				FY2024 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
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
BH Treatment and Recovery Grants	0.0	0.0	0.0	0.0	37,007.1	578.2	9,628.0	47,213.3	37,007.1	994.6	9,628.0	47,629.7
Alcohol Safety Action Program	0.0	0.0	0.0	0.0	2,723.8	1,846.5	524.9	5,095.2	2,751.2	1,879.1	526.0	5,156.3
Behavioral Health Administration	0.0	0.0	0.0	0.0	13,154.3	1,824.7	7,409.6	22,388.6	13,027.0	1,757.5	7,567.9	22,352.4
BH Prev & Early Intervntn Grants	0.0	0.0	0.0	0.0	5,537.0	0.0	10,691.4	16,228.4	4,637.0	0.0	3,055.0	7,692.0
AK MH/Alc & Drug Abuse Brds	0.0	0.0	0.0	0.0	453.7	522.4	0.0	976.1	461.2	530.5	0.0	991.7
Suicide Prevention Council	0.0	0.0	0.0	0.0	598.6	80.0	0.0	678.6	601.5	30.0	0.0	631.5
Residential Child Care	0.0	0.0	0.0	0.0	3,153.1	0.0	0.0	3,153.1	3,153.1	0.0	0.0	3,153.1
<b>Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>62,627.6</b>	<b>4,851.8</b>	<b>28,253.9</b>	<b>95,733.3</b>	<b>61,638.1</b>	<b>5,191.7</b>	<b>20,776.9</b>	<b>87,606.7</b>

**Behavioral Health**  
**Summary of RDU Budget Changes by Component**  
**From FY2023 Management Plan to FY2024 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>
<b>FY2023 Management Plan</b>	<b>29,526.5</b>	<b>33,101.1</b>	<b>4,851.8</b>	<b>28,253.9</b>	<b>95,733.3</b>
<b>Adjustments which get you to start of year:</b>					
-Behavioral Health Administration	6.0	0.0	0.0	6.0	12.0
<b>One-time items:</b>					
-Behavioral Health Administration	-312.5	0.0	-463.4	0.0	-775.9
-BH Prev & Early Intervtn Grants	-900.0	0.0	0.0	-7,636.4	-8,536.4
-AK MH/Alc & Drug Abuse Brds	0.0	0.0	-491.5	0.0	-491.5
-Suicide Prevention Council	0.0	0.0	-50.0	0.0	-50.0
<b>Adjustments which continue current level of service:</b>					
-Alcohol Safety Action Program	27.4	0.0	32.6	1.1	61.1
-Behavioral Health Administration	168.3	10.9	396.2	152.3	727.7
-AK MH/Alc & Drug Abuse Brds	7.5	0.0	499.6	0.0	507.1
-Suicide Prevention Council	2.9	0.0	0.0	0.0	2.9
<b>Proposed budget increases:</b>					
-BH Treatment and Recovery Grants	0.0	0.0	416.4	0.0	416.4
<b>FY2024 Governor</b>	<b>28,526.1</b>	<b>33,112.0</b>	<b>5,191.7</b>	<b>20,776.9</b>	<b>87,606.7</b>