

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES
FY16 - Increment/Decrement Status**

Governor's Budget Items Denied

Item #	Approp/ Allocation	Description	Amount/ Fund Source	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
1	Various DHSS Appropriations/ Various DHSS Allocations	Funding requests related to Medicaid Expansion	\$146,061.0 Total (\$2,558.7) UGF \$1,590.7 Other \$147,029.0 Fed Rcpts	<p>The legislature denied all transactions (both increments and decrements) related to Medicaid Expansion, including a \$4 million UGF <i>decrement</i> in the Department of Corrections/Physical Health Care and the following DHSS requests:</p> <p>Denied Decrements --Behavioral Health Treatment & Recovery Grants: (\$1,558.7) UGF --Health Care Services/Catastrophic & Chronic Illness Assistance: (\$1,000.0) UGF</p> <p>Denied Increments: --Health Care Services/Medical Assistance Administration: \$205.0 Fed Rcpts & \$205.0 MHTAAR --Public Assistance Field Services: \$1,385.6 Fed Rcpts & \$1,385.7 MHTAAR --Medicaid Svcs/Behavioral Health Medicaid Services: \$4,799.5 Fed Rcpts --Medicaid Svcs/Adult Preventative Dental Medicaid Services: \$5,381.2 Fed Rcpts --Medicaid Svcs/Health Care Medicaid Services: \$132,348.9 Fed Rcpts --Medicaid Svcs/Senior and Disabilities Medicaid Services: \$2,908.8 Fed Rcpts</p> <p>Legislative Fiscal Analyst Comment: In addition to denying the Governor's Medicaid Expansion requests, the legislature included language in every appropriation bill that prohibits the Governor from (1) expending money to implement Medicaid Expansion and (2) requesting additional federal receipt authority related to Medicaid Expansion through the LB&A process.</p>	No	<p>Governor Walker expanded Medicaid in FY16 and added (via RPLs) \$147 million Federal Receipts & \$1.59 million MHTAAR to the FY16 budget.</p> <p>In addition, DHSS allocated about \$2 million of an Unallocated Reduction from BH Treatment and Recovery Grants and CAMA</p>	<p>The \$2.6 million includes \$1 million from Behavioral Health Treatment and Recovery grants and \$1 million from Health Care Services, Catastrophic and Chronic Illness Assistance. In the 2016 Management Plan, the Division of Health Care Services decreased general funds by \$971.0 in the Catastrophic and Chronic Illness Assistance component. Clients served by funding from this component are now covered under Medicaid expansion.</p>

Governor's Budget Items Approved as Requested

3	Alaska Pioneer Homes/Pioneer Homes	<p>Reduce Pioneer Homes' (PH) direct service staff, non-essential services and supplies</p> <p>AND</p> <p>Add funding received from increasing PH rates by 8.5% (with future rate adjustments based on inflation)</p>	<p>(\$1,673.4) UGF</p> <p>(10) PFTs (3) PPTs (4) Temps</p> <p>\$1,300.0 GF/Prgm (DGF) \$434.3 I/A Rcpts (Other)</p>	<p>If planned GF/Prgm Receipts are not forthcoming, DHSS anticipates that the \$1,673.4 reduction in UGF may have the following impacts: (1) longer waiting periods for prospective residents to gain entrance into a home, (2) a reduction in the number of residents who can receive higher levels of care within the homes (e.g., memory care), (3) a reduction in licensed bed counts, (4) longer response times from staff, and (5) compromising resident safety due to low staffing ratios.</p> <p>To offset the negative impacts of the UGF cut, DHSS plans to collect additional GF/Prgm and I/A Rcpts by increasing Pioneer Home rates by 8.5 percent with future automatic increases to match the cost of living adjustments provided by the Social Security Administration.</p>	No	Status of rate increase & revenue raised?	<p>Rates will increase to 8.5 percent effective February 1, 2016. This is the first rate increase since 2009. The increase reflects the Social Security Administration calculated Cost of Living Adjustment for this time period. To date there has been no additional revenue raised. Those numbers will not be available until we are at least 1-3 months into the rate increase as there will be individuals who will need to apply for Payment Assistance and we do not have that data available. Attached is the notice signed by the Lt. Governor increasing the rates for the Pioneer Homes.</p>
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Governor's Budget Items Approved as Requested (continued)

Item #	Approp/ Allocation	Description	Amount/ Fund Source	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
11	Juvenile Justice/Ketchikan Regional Youth Facility	Reprogram Ketchikan Regional Youth Facility to a Dually Diagnosed Treatment Facility serving statewide youth	(\$2.0) Fed Rcpts (\$998.0) UGF \$1,000.0 I/A Rcpts	<p>The Division of Juvenile Justice will reprogram the Ketchikan Regional Youth Facility from a detention facility to a residential facility that provides substance abuse treatment to dually diagnosed (mental health and substance abuse) youth. By changing the purpose of the facility, the division will become a Medicaid provider and be reimbursed for the services provided to youth. The facility will serve up to ten youth at any given time and staff at the Ketchikan Regional Youth Facility would require additional training in order to provide effective substance abuse and mental health treatment services.</p> <p>The Johnson Youth Center (in Juneau) has the capacity and will be able to accommodate youths from the Ketchikan facility. Although serving youth close to home provides better outcomes, reprogramming the Ketchikan facility will reduce general fund costs due to Medicaid coverage.</p>	No	Status on reprogramming the Ketchikan Regional Youth Facility?	<p>The Division of Juvenile Justice (DJJ) is pursuing the potential of using Medicaid as the funding mechanism for reprogramming of the Ketchikan Regional Youth Facility (KRYF). The FY2016 budget reduced KRYF funding to reflect the proposed repurposing. The feasibility of the potential Medicaid funding mechanism is currently under evaluation.</p> <p>Detention services will be provided by Johnson Youth Center (JYC) in Juneau. This change will increase transportation costs for escorts, increase probation workload, and may lead to occasional overcrowding issues at JYC.</p>
19	Public Health/Nursing	Close One Public Health Center, reduce Public Health Nursing grants, delete staffing	(\$1,400.1) UGF (8) PFT Positions (1) PPT Position	<p>The Department plans to implement the following reductions:</p> <p>--Close the Seward Public Health Center. DPH will partner with the new qualified health center clinic for reproductive services and utilize an itinerant nurse from Kenai to provide services to Seward.</p> <p>--Delete a number of vacant positions (or positions with retiring incumbents) in various locations.</p>	No	Did the closure occur as planned?	All of the reductions took place. Reducing PHN staff by eight permanent full-time positions and one permanent part-time position further decreases the ability of PHN to provide community-based nursing services statewide. The Seward Public Health Center closed and clients are now served by itinerant nurses who use donated clinic space.
29	Senior and Disabilities Services/ General Relief/Temporary Assisted Living	Reduce individual benefits under the General Relief Assistance Program	(\$789.8) UGF	<p>The General Relief Assistance (GRA) Program is a state funded program designed to be a safety net for vulnerable adults to meet the immediate, basic needs of Alaskans facing extreme financial crisis and is a temporary funding source for assistive living home placement.</p> <p>By statute (AS 47.25.195(d)) GRA pays \$70/day for residential assistive living home (ALH) services, or up to \$5,000 for individuals who qualify for Home & Community Based Waiver Services.</p> <p>The department is exploring (through Medicaid reform), the 1915 I option of paying for Home & Community Based Services to eligible GRA recipients through Medicaid. If the option is approved, the costs of ALH services to eligible recipients would qualify for a fifty percent federal match through the Medicaid program.</p>	No		As a result of this reduction, the division drafted regulation changes to better control entry into the program and the number of individuals being served through the General Relief Assisted Living Care Benefit Program. If the regulations are adopted, the program will accept only as many people as can be supported by the current budget and establish a waitlist for services for any additional people who meet eligibility for the program. This will increase the length of time it takes for a person to obtain General Relief benefits. The creation of the waitlist may impact hospital inpatient costs and the Alaska Psychiatric Institute due to delays in their ability to coordinate a safe and appropriate discharge to assisted living homes paid for by the General Relief Program. The Department of Corrections may also have a fiscal impact due to delays in placement for justice involved individuals.

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Governor's Budget Items with Modifications

Item #	Approp/ Allocation	Description	Gov Request	Amount Approved	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
39	Public Assistance/Senior Benefits Payment Program	Reduce the 2 lowest benefit payment categories by 20% (from (\$125/mo to \$100/mo and \$175/mo to \$140/mo)	(\$5,091.6) UGF	(\$2,291.6) UGF	<p>The Senior Benefits Program pays cash benefits to Alaskan seniors who are age 65 or older and have low to moderate income. Under current statute, cash payments are \$125, \$175, or \$250 each month depending on income. The income limits for each payment level are tied to the Alaska Federal Poverty Guidelines and change each year as the poverty level changes.</p> <p>The Governor's requested decrement reflected a 20% reduction for the two highest income groups (i.e., those receiving the lowest benefits). Payments for these categories would have been reduced from \$125/mo to \$100/mo and from \$175/mo to \$140/month.</p> <p>Legislative Fiscal Analyst Comment: While the legislative reduction is less than the Governor's proposed reduction, the program is not fully funded and cuts to benefits will be required. The department is working with the Department of Law to determine how, given current regulations, the reductions will occur.</p>	No	Was this program short-funded in FY16? If so, how was the funding allocated?	FY2016 impacts will be to reduce the lowest payment level.

Legislative Additions and Deletions

Item #	Approp/ Allocation	Description	Amount/ Fund Source	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
40	Executive Branch-Wide Unallocated Reduction	Executive branch-wide unallocated reduction of \$29.8 million UGF	(\$29.8) million UGF total-- Allocation to DHSS is (\$5,864.3) UGF	<p>HB 2001 (Chapter 1, SSSLA 2015) included a \$29.8 million UGF unallocated reduction to be spread among Executive Branch agencies. The Governor allocated \$5,864.3 of the reduction to the Department of Health and Social Services. The agency spread its reduction as follows:</p> <ul style="list-style-type: none"> • Alaska Pioneer Homes: \$23.8 • Behavioral Health/Alaska Psychiatric Institute: \$1.8 • Juvenile Justice: \$19.4 • Public Health: \$25.9 • Senior & Disabilities Services: \$1.6 • Departmental Support Services: \$15.1 • Medicaid Services: \$5,776.7 	No		The unallocated reduction in Medicaid services (\$5,776.7) was absorbed due to projected costs savings and efficiencies in the Medicaid program. The remainder (\$87.6) was spread to components in which there was an inadvertent over-appropriation of unrestricted general funds associated with the FY2016 cost of living adjustment.
41	Agency-wide Appropriation/Agency-wide Unallocated Appropriation	Unallocated reduction to be spread among the other DHSS appropriations and allocations.	(\$2,218.5) UGF	<p>The legislature included unallocated DHSS reductions in the FY16 budget bill(s) for the following:</p> <p>--(\$688.4) UGF reduction from the travel line. --(\$1,530.1) UGF general unallocated reduction. There are no sideboards as to how this unallocated reduction may be spread. The reduction can be taken from any appropriation/allocation and any line item (including travel).</p>	No		Most of the unallocated reduction was absorbed due to projected costs savings resulting from Medicaid Expansion and was spread as follows: --Behavioral Health Treatment & Recovery Grants: \$1 million Catastrophic & Chronic Illness Assistance: \$971.0 --SDS Medicaid Services: \$247.5

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Legislative Additions and Deletions (continued)

Item #	Approp/ Allocation	Description	Amount/ Fund Source	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
46	Children's Services/Front Line Social Workers	Add UGF and PFT positions to help address workload issues	\$2,750.0 UGF \$681.7 Fed Rcpts 26 PFT Positions	The 2012 Hornby, Zeller and Associates study of the OCS Workload included a recommendation to add 44 positions in OCS. Between legislative additions in FY15 and FY16, the legislature has added funding for a total of 41 PCNs. The details are as follows: <ul style="list-style-type: none"> • In FY15, the legislature added enough funding for 15 PFT positions (\$1,497.6 UGF). Although the increment was sufficient to fund fifteen positions, the legislature added 10 PFT positions with the expectation that DHSS could transfer existing PCNs to make up the difference. • In FY16 (between HB72 and HB2001), the legislature added a total of 26 PFT positions and \$3.4 million (\$2.75 million UGF and \$681.7 Fed Rcpts) to help address the OCS workload. 	No		In FY2016, the legislature added 26 permanent full-time positions and \$3.4 million (\$2.75 million UGF and \$681.7 Fed Rcpts) to help address workload issues. Because the OCS is experiencing record growth, 23 PCNs were dedicated to increased caseloads. Three PCNs were associated with the 2012 Hornby, Zeller and Associates study of the OCS workload. As of 1/21/16, of the 26 new positions new positions, 13 are filled, ten will be filled within 30 days and 3 will be filled within 60 days and the department expects to fully expend the FY16 personal services funding.
47	Children's Services/Family Preservation	Federal TANF Funding is available to fund the Child Advocacy Centers. Replace UGF with I/A Rcpts from Public Assistance	(\$2,938.4) UGF \$2,938.4 I/A Rcpts (Other)	Because the OCS plans to partner with the Division of Public Assistance to use available federal TANF grants to provide funding for Child Advocacy Centers, the legislature removed the UGF and replaced this funding with I/A Receipts.	No	Was the funding received?	The Division of Public Assistance was able to identify Temporary Assistance for Needy Families federal funds that could be used to support the Children's Advocacy Centers. The I/A is being used to fund the Children's Advocacy Centers instead of UGF.
48	Public Assistance/ Public Assistance Field Services	Decrement funding to reflect possible savings resulting from ARIES coming on-line	(\$2,313.6) Total (\$1,212.4) Fed Rcpts (\$1,101.2) UGF	According to the department, this reduction will have the following impact. <i>This reduction has impacted the division's ability to fund overtime efforts that would have given staff the additional time needed to continue addressing backlogged applications. The division will not have the funding to pay for overtime for staff and, therefore, will not be able to eliminate the backlog we currently have. Additionally, ARIES will not be fully functional to determine all program eligibility in FY16.</i>	No	Impacts?	This reduction impacts the division's ability to fully fund positions in Field Services by leaving positions vacant longer to allow for the maximum savings. Efficiencies described in the conference committee action are premature and will not be fully realized until late SFY2017 at the earliest. These efficiencies rely heavily on the full and successful implementation of ARIES Release 2 and adequate training for staff. ARIES Release 2 is scheduled for December 2016. Release 2 will incorporate the Food Stamp (SNAP), Senior Benefits, General Relief, Alaska Temporary Assistance and Adult Public Assistance programs into the eligibility system.

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Legislative Additions and Deletions (continued)

Item #	Approp/ Allocation	Description	Amount/ Fund Source	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
49	Public Health/Chronic Disease Prevention and Health Promotion	Eliminate school district grants for obesity prevention and control	(\$892.2) UGF	According to the department, the elimination of the K-12 Obesity Prevention School District grant program will have the following impact: --The seven districts (Ketchikan, Kodiak, Mat-Su, Nome, North Slope, Petersburg, Sitka) will no longer receive grant funds to improve student nutrition and physical activity. --Districts will lose their wellness coordinators. --Elimination of these grants decreases the ability of districts to implement locally relevant programs such as farm-to-school, serving Alaska fish, and increasing salad bars in the schools. In addition, districts' ability to implement high-quality PE and recess programming aimed at helping students meet the recommended 60 minutes of daily activity is decreased. --The ability to monitor trends in student obesity prevalence will be reduced because fewer districts will report student weight status to the statewide tracking system.	No		The department eliminated the K-12 Obesity Prevention School District UGF grant program. Federal funds were available to maintain wellness coordinators in three districts, one district is using local funds to cover the position, and three school districts lost their wellness coordinators.
52	Senior and Disabilities Services/ Senior and Disabilities Services Administration	Additional Funding for Telehealth Service System Improvements	\$50.0 UGF IncOTI	One-time funding was added by the legislature to support telehealth service system improvements.	No		The division is using this one-time increment to finalize statewide telehealth contracts, increase the number of telehealth assessments, and expand services by increasing the number of videoconferencing stations and options throughout the division.
56	Departmental Support Services/ Public Affairs	Replace UGF with I/A Receipts--The department will need to collect additional revenue from divisions to maintain services	(\$1,175.0) UGF \$1,175.0 I/A Repts (Other)	Because the legislature replaced UGF with I/A Receipts in a number of allocations in the Departmental Support Services (DSS) appropriation, DSS will need to reduce expenditures, increase the chargeback rates for the various divisions or a combination of both. UGF was replaced by an identical amount of I/A Repts in the following allocations: --Public Affairs: \$50.0 --Commissioner's Office: \$125.0 --Administrative Support Services: \$875.0 --Information Technology Services: \$125.0	No		It is not known what the FY2016 impact will be at this time. In FY2017, Departmental Support Services intends to move to a chargeback model for the Business Applications Unit within Information Technology Services.

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Legislative Additions and Deletions (continued)

Item #	Approp/ Allocation	Description	Amount/ Fund Source	Comment	GF Dec?	LFD Notes/ Questions?	Dpt Comments
57	Departmental Support Services/ Commissioner's Office	Delete funding for the Health Care Commission	(\$150.0) Fed Rcpts (\$350.0) UGF (2) PFT Positions	Although the termination date of the Alaska Health Care Commission was June 30, 2017 (per AS 44.66.010(a)(9)), all funding (and associated positions) supporting the Health Care Commission was decremented from the FY16 budget.	No		The Health Care Commission was defunded and two positions were deleted in FY2016. The Commission's authorizing statute was not repealed, but due to the lack of funding and staffing the Commission has not met since FY2015 and is currently inactive. The impact of the dissolution of the Commission has meant that there is no longer a body formally charged with studying and developing policy recommendations for improving the value (cost and quality) of Alaska's health care system. The Commission had produced a number of important studies and numerous recommendations, a few of which had been adopted when they were discontinued. In the meantime, the cost of premiums in Alaska's individual health insurance market is rapidly increasing. If the Commission had continued, more work could have been done to identify policy strategies for addressing this problem, such as through increased cost and quality transparency for the public, modernization of state insurance laws and regulations, and increased efficiency and effectiveness in health care delivery. Without the Commission there is no source of information and no attention focused on improving this essential service sector in Alaska's economy.
59	Medicaid Services/Various Allocations	Decrement a portion (74%) of the \$42.7 million FY12 and FY13 Average Lapsing Balances	(\$31,645.1)UGF	The legislature reduced Medicaid expenditures by 74% of the FY12 and FY13 average lapsing balances. The funding reduction in each of the allocations is as follows: --Behavioral Health Medicaid Services: (\$4,611.0) --Children's Medicaid Services: (\$1,596.1) --Adult Preventative Dental Medicaid Services: (\$184.8) --Health Care Medicaid Services: (\$20,401.1) --Senior and Disabilities Medicaid Services: (\$4,852.1)	No		The Department of Health and Social Services will cover the \$31.6 UGF lapsed balances reduction from various allocations within the Medicaid Services RDU through recovery of advanced payments for FY2016. Therefore, no impact to client services is anticipated.
60	Public Health/ Nursing	Remove 5% of the \$16.1 million UGF increase between FY06 and FY16	(\$402.5) UGF	The legislature removed a portion (5%) of the UGF increase between FY06 and FY16. Combined with the Governor's \$1.4 million UGF reduction (see item 19), UGF was reduced by 4.5% from the FY15 MgtPln (and by 3.5% total funds). The impact of this reduction is unknown.	No		The department reduced grants for the three public health nursing clinics (Maniilaq, North Slope and Municipality of Anchorage).