

**Department of Health and Social Services
FY22 - Mid-Year Status Report**

Item #	Approp/ Allocation	Description	Amount / Fund Source	Comment	LFD Questions	Agency Comments
1	API / API	Support Client Services at API Supplemental	\$6,000 GF/MH	Funding to cover API shortfall	Has the Chilkat Adolescent Unit been opened? Will capacity reach 80 beds by December 31, 2021 as projected?	The Chilkat adolescent unit opened May 2021. Although it was the intent to increase capacity to 80 by end of December, API has been experiencing staffing shortages due to COVID and has some areas of the hospital isolated for COVID positive patients.
2	API / API	Replace Unrealizable I/A and SDPR with UGF to Support Client Services at API	(\$2,000) I/A (\$4,000) SDPR \$6,000 GF/MH	Funding to cover API shortfall	If API is able to reach full capacity of ~80 beds and increase billings, is an anticipated fund change back to SDPR and I/A anticipated?	API does not anticipate a fund change back to SDPR and I/A. The budget proposal submitted projected anticipated revenues with all 80 beds filled.

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3	Behavioral Health / Behavioral Health Treatment and Recovery Grants	Reduce Authority for Sobering Centers Transitioning to Medicaid 1115 Waiver	(\$200.0) GF/MH (UGF)	This reduction was denied by the legislature (but ultimately vetoed by the Governor) as it was not made clear whether the services provided by the impacted sobering centers would qualify for coverage under the Medicaid 1115 Waiver.	Some providers indicated that 1115 Waivers could not replace the grant revenue from this cut due to DBH billing code issues. Has this issue been resolved? Are there other impacts to the sobering centers?	<p>To our knowledge there have been no Medicaid billing issues reported by sobering center providers.</p> <p>Below are some 1115 Behavioral Health Medicaid Waiver billing codes and one Medicaid State Plan code which would most likely be used by sobering centers:</p> <p>1115 BH Medicaid Waiver Services</p> <ul style="list-style-type: none"> •Intensive Case Management Services (ICM) •Intensive Outpatient Services (IOP) •Peer-Based Crisis Services •Community Recovery Support Services •Substance Use Disorder (SUD) Care Coordination <p>Alaska Medicaid Program – State Plan Service</p> <ul style="list-style-type: none"> •Screening and Brief Intervention and Referral to Treatment (SBIRT) <p>To bill Medicaid, a provider must be enrolled through the department as a Medicaid provider and bill services for Medicaid-eligible recipients. If there are sobering center providers who are encountering Medicaid billing issues, we would encourage those providers to contact the division at mpassunit@alaska.gov.</p> <p>In FY21, two sobering centers – administered by the Tanana Chiefs Conference and the Yukon-Kuskokwim Health Corporation (YKHC) – received grants from the Division of Behavioral Health to provide services</p>

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4	OCS / Front Line Social Workers	VETO - OCS Retention Funding	\$1,220.0 UGF	\$1.2 million UGF to address ongoing issues associated with OCS case-carrying worker retention was vetoed. Funding was intended for Case-Carrying Protective Services Specialists (PSS) Retention Bonuses, 1 MH Clinician, Tuition Reimbursement & Other Retention Strategies.	<p>The legislature appropriated \$1.2 million UGF to address ongoing issues associated with OCS case-carrying worker retention. The funding was vetoed.</p> <p>What are the current retention trends compared to pre-HB 151?</p> <p>How are the improved workload standards associated with that legislation being met without stable case-worker retention?</p> <p>In terms of case statistics for abuse & neglect, are we seeing an increase in reporting now that schools are opening back up?</p>	<p>Retention has not improved, unfortunately. OCS continues to see increasing trends of turnover. Below is data for turnover among case carrying staff, which reflects the rolling prior 4 quarters for each quarter end. Increases are likely attributable to workload, burnout, the pandemic, and the highly publicized nationwide workforce crisis.</p> <table border="1"> <thead> <tr> <th>Quarter End</th> <th>Leavers</th> <th>Turnover Rate</th> </tr> </thead> <tbody> <tr> <td>9/30/2019</td> <td>107</td> <td>45.9%</td> </tr> <tr> <td>12/31/2019</td> <td>101</td> <td>43.3%</td> </tr> <tr> <td>3/31/2020</td> <td>101</td> <td>43.2%</td> </tr> <tr> <td>6/30/2020</td> <td>112</td> <td>47.9%</td> </tr> <tr> <td>9/30/2020</td> <td>111</td> <td>47.6%</td> </tr> <tr> <td>12/31/2020</td> <td>121</td> <td>51.9%</td> </tr> <tr> <td>3/31/2021</td> <td>133</td> <td>57.1%</td> </tr> <tr> <td>6/30/2021</td> <td>135</td> <td>58.2%</td> </tr> <tr> <td>9/30/2021</td> <td>136</td> <td>59.4%</td> </tr> <tr> <td>12/31/2021</td> <td>138</td> <td>60.3%</td> </tr> </tbody> </table> <p>Tenured case carrying staff are being overloaded with cases to ensure acceptable standards for new case carrying staff. Therefore, workload standards are being met for new staff, but maintaining an average of 12 or 13 families for workers who have been with the agency 6 or more months is very challenging.</p> <p>OCS is seeing the number of reports of harm increasing since the schools reopened however our overall reports are still lower than pre pandemic.</p>	Quarter End	Leavers	Turnover Rate	9/30/2019	107	45.9%	12/31/2019	101	43.3%	3/31/2020	101	43.2%	6/30/2020	112	47.9%	9/30/2020	111	47.6%	12/31/2020	121	51.9%	3/31/2021	133	57.1%	6/30/2021	135	58.2%	9/30/2021	136	59.4%	12/31/2021	138	60.3%
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5	OCS / Front Line Social Workers	VETO - Tribal Welfare Compact Funding	\$3.4 million UGF	<p>Funding was intended to bridge the gap between existing OCS funding (~\$1.5 million UGF) and the amount the Tribal Co-Signers indicate is needed to fully implement. Costs thus far have been absorbed by OCS as follows:</p> <p>FY18 - \$1.3 million FY19 - \$1.5 million FY20 - \$1.5 million FY21 - \$1.5 million (original projection was \$1.6 million).</p>	<p>Does the lack of additional funding mean the distribution of services between OCS and the Tribal Co-Signers has remained status quo for FY22?</p> <p>How was the \$1.4 million Governor's request for FY23 determined?</p> <p>What is the status of the Compact and is the intention to expand services provided by the Tribal Co-Signers?</p>	<p>OCS obligated \$1,834.0 to the Compact in FY2022. The \$1.4 million request was a result of the Administration's commitment to the Compact in FY2023 in the amount of \$3.1 million.</p> <p>Currently, 16 Tribes and Tribal Organizations are participating in the Compact. This represents 164 Tribes of the 229 federally recognized Tribes (71%) for the state of Alaska. The intention is to increase compacted Tribes and Tribal organizations in FY2023 to 18.</p> <p>Tribes and Tribal Organizations met with the State in November 2021 for official negotiations. The State offered increased funding for prevention services and activities and the Co-Signers accepted \$3.1 million. Both Compact Co-Signers and the State believe that prevention is fundamental in keeping children out of the State foster care system. It is the Department's intent that the prevention funding enhance prevention services and activities for children and families served by their Tribes and Tribal Organizations.</p>

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6	OCS / Various	Reduce Circles of Support Funding and Utilize Block Grants to Serve Same Category of Clients (Title IVB I & II)	(\$1,101.1) Total (\$528.2) Fed (\$115.3) GF/Match UGF (\$457.6) UGF	The legislature approved half of the Governor's reduction to the Circles of Support program, however, the remaining half was vetoed.	<p>How were the following FY2021 grantees impacted by the reduction:</p> <ol style="list-style-type: none"> 1. Alaska Youth and Family Network 2. Cook Inlet Tribal Council, Inc. 3. Alaska Family Services, Inc. 4. Resource Center for Parents and Children, Inc. 5. Juneau Youth Services 6. Frontier Community Services 7. Nome Community Center, Inc. <p>Are 355 children and 203 families still served? Please provide any updates to those numbers.</p> <p>Were Social Services Block Grants able to replace eliminated federal authority as envisioned? Have any of the grantees appealed the funding distribution?</p>	<p>All grantees continue to serve families through the Circles of Support grant except for Frontier Community Services. They ceased providing this program as of 8/13/2021 due to the funding cut.</p> <p>In FY2021, 178 families with 471 children were served by the Circles of Support grant. FY22 Quarter 1 data has not been reported by all grantees, however incomplete quarter 1 reports indicate 70 families with 189 children have already been served.</p> <p>Social Services Block Grant federal funds were used to cover the general fund reduction in FY2022. It may not be the case every year that the federal SSBG would be available. FY2021 expenditures were lower due to COVID, which allowed about \$1 million Social Services Block Grant funds were used for FY2022 quarter 1 costs that would have normally been used in the prior fiscal year.</p> <p>No grantees have appealed the funding distribution.</p>

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7	Juvenile Justice / Various	Eliminate Positions and Funding in Juvenile Justice	(\$986.6) Total (\$960.9) UGF (\$25.7) SDPR (8) PFT Positions	The Governor submitted several reductions to Juvenile Justice. The legislature accepted most of the decrements and what remained was vetoed by the Governor.	The largest decrement to Juvenile Justice was tied to the Step-Up program, an academic option for students who are long- term suspended or expelled from the Anchorage School District (ASD) for aggressive behaviors such as fighting, assault and weapons offenses. It was not clear in subcommittee if all involved parties were on the same page about the budget cut. Was funding tapered off and costs picked up by ASD, or was the program defunded completely? If so, is there an alternative program for the students previously served by Step-Up?	The only funding that was cut was the salary for the DJJ positions that were helping to support the program. ASD continues to operate the program, in the same building that is leased by the State with half the costs for the yearly lease paid by ASD and the other half by DJJ. DJJ is obligated to continue to pay this cost until the lease expires and have entered into a Memorandum of Understanding with ASD.
8	Public Assistance / Public Assistance Field Services	Delete Public Assistance Positions Due to Efficiencies	(\$6,115.9) Total (\$2,683.0) Fed (\$3,432.9 GF/Match UGF (101) PFT Positions	Reported savings attributed to telework and advancing technology resulted in this reduction. The deleted positions will be handled through attrition.	How many of the 101 PCNs are vacant? How does the volume of applications compare between FY19-FY21? If possible, please separate the volume between paper and online applications.	81 of the 101 PCNs are vacant, or 101 of the 121 PCNs are vacant. Initial Applications FFY19 140,540 FFY20 131,315 FFY21 115,042 Please note: the Childcare application numbers for FFY21 are incomplete due to the cyberattack. DPA systems are unable to split out between paper and online applications.

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9	Medicaid Services / Medicaid Services	Reduce Medicaid	(\$35,065.6) GF Match UGF	The legislature approved half (\$17,565.6) of the Governor's reduction and the remaining amount of the requested decrement was vetoed.	<p>What is the most updated amount of UGF lapse in FY21?</p> <p>Does the FY23 increment for \$45 million UGF indicate utilization is trending back to pre-COVID numbers?</p> <p>Last session there was mention of a contracted report (PCG Human Services?) to look into how the department could achieve \$35 million in non-temporary savings other than reducing provider payments. Has this report been completed? If so, please provide the results.</p>	<p>UGF lapse for FY21 was \$87.5 million.</p> <p>Yes.</p> <p>The PCG report was transmitted to the legislature on 11/15/2021 as an attachment to the Medicaid Reform report and a copy is attached for easy reference.</p> <p>(Due to the file size, copies of the report can be obtained by request of the Legislative Finance Division)</p>
10	Medicaid Services / Medicaid Services	Increase Draw from Individual Development Disabilities Waiver Waitlist from 50 to 70	\$1,890.0 Total \$945.0 Federal \$945.0 GF/Match		How many additional people have come off the list in addition to the regular 50?	Thus far 44 new individuals have been offered a waiver slot and another draw of 8 is taking place by next week. Between that date and June 30th 70 people in total will be offered access to the waiver through the draw process.

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11	Public Health / Nursing	Restore \$1.25 million of Recent UGF Reductions to Public Health Nursing	\$1.25 million UGF	Initially, the Governor vetoed \$1.25 million UGF added by the legislature through Ch. 1, SSSLA 2021 (CCS HB 69). The Governor then restored the veto through Ch. 1, TSSLA 2021 (CS HB HB 3003).	What changes in staffing and programs occurred because of the additional funding?	Funding is supporting recruitment and retention for hard to fill nursing positions. So far, a nurse has been hired in Nome and another is pending in Bethel. Three additional permanent positions are currently in recruitment. Funding is also supporting recruitment of additional public health workforce to support the public health centers.
12	Public Health / Emergency Programs	Additional Medical Workers for COVID	\$87 million Federal	In late September, 2021, the State entered into a contract with the federal General Services Administration for COVID support. The plan involved deployment of approximately 400 medical workers to various hospitals throughout the State and DHSS reports that funding will be handled through the Disaster Relief Fund.	The State announced in early December the contract has been extended to Jan. 20, 2022. What is the additional cost of the extension?	The contract has now been extended to March 20, 2022. The total amount of the contract to-date is \$142.8 million federal.
13	Various	SB 55, Ch. 9, SLA 2021 Employer Contributions to PERS	\$14,268.2 Gen Fund (UGF)	SB 55 removes the 22% cap on payroll contributions to the Public Employee Retirement System (PERS) for the State of Alaska as a PERS employer. The budgetary impact of this legislation is reflected as a shift from the direct appropriation to PERS (which is typically funded with UGF) to agency payroll, where the cost can be spread across all fund sources. This shift results in a UGF increase to Agency Operations of \$72,871.7, and a UGF decrease to Statewide Items of \$95,794.5, for a net statewide UGF savings of \$22,922.8. Specifically, the UGF impact to the Department of Health and Social Services is \$14,268.2 spread across multiple appropriations.	How has this legislation and funding affected your agency? Has DHSS been able to realize all non-UGF fund sources associated with SB 55?	As part of the fiscal note process for SB55, OMB worked with departments to identify fund sources that would not be realizable and backfill them with UGF. The department is not aware of any additional areas of concern at this time. The department will continue to monitor this through the projections process and will notify OMB if there are any concerns identified.

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14	Various	ARPA - COVID	Federal	Covid Relief Funding	<p>How much ARPA funding has DHSS received? How much has been spent to date and on what programs?</p> <p>What restrictions are there on the funding? Please provide a spreadsheet.</p>	Please see attached spreadsheet.
15	Departmental Support Services / Commissioner's Office	Recent Cyberattack	?	On September 16, 2021, DHSS notified the public of a security breach of the Health Insurance Portability and Accountability Act (HIPAA) and the Alaska Personal Information Protection Act (APIPA). The breach was first detected in May 2021.	<p>Please provide an update on the investigation and response?</p> <p>What services are still impacted (e.g. reporting delays)?</p> <p>Are other monetary impacts (in addition to the of the attack?</p>	DHSS has completed the detection and analysis phase of the response. It is the majority of the way through the containment, eradication and recovery phase of the response. Some DHSS IT application teams are working on recovery of applications while other DHSS IT teams are working on post-incident activities such as strengthening processes, tools and people to become more resistant to future cyberattacks and more resilient if attacked again. To date, nine systems have been restored, 11 systems have restoration in process and four systems have not yet been started. There have been fiscal impacts related to the cyberattack; the department is considering whether a supplemental is needed.

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16	LB&A Oversight - Audit Issues Related to DHSS	The majority of LB&A's "Top 10 Audit Issues" are DHSS related	?	LB&A released a document titled "LB&A Oversight - Top 10 Audit Issues" on August 27, 2021. http://www.akleg.gov/basis/get_documents.asp?session=32&docid=67366	"Top Ten Audit Issues" items three through seven involve Medicaid. Item eight involves the Temporary Assistance for Needy Families (TANF) program. Please provide a short response to each of the six DHSS issues.	We received an inquiry from Legislative Budget and Audit on these items. Our December 29, 2021 response to LBA is attached.

Summary ARPA Appropriations through HB69 and HB3003		
As of 01/14/2022		
Row Labels	Sum of Expend Current Budget	Sum of Budgetary Expenditures
H031	\$77,994,900.00	\$20,053,361.03
062220501 - ARPA CCBG FED	\$28,410,000.00	\$0.00
062220601 - ARPA CCSG FED	\$45,453,000.00	\$20,000,000.00
062220701 - ARPA Nutr FED	\$768,400.00	\$53,361.03
062220801 - ARPA TANF FED	\$3,363,500.00	\$0.00
H032	\$94,351,400.00	\$3,704,725.43
062220901 - ARPA FVCAP FED	\$291,000.00	\$0.00
062221001 - ARPA HEA FED	\$23,701,000.00	\$0.00
062221101 - ARPA MHT FED	\$3,038,000.00	\$0.00
062221201 - ARPA CBG FED	\$7,045,000.00	\$0.00
062221301 - ARPA WIC FED	\$1,160,000.00	\$521,037.66
062221401 - ARPA SABG FED	\$4,706,000.00	\$0.00
062221501 - ARPA Test FED	\$22,033,800.00	\$3,148,571.50
062221601 - ARPA Vacc FED	\$32,376,600.00	\$35,116.27
H037	\$20,000,000.00	\$6,442,176.01
062222601 - ARPA CVD CSLFRF	\$20,000,000.00	\$6,442,176.01
H038	\$56,822,500.00	\$698,211.73
062222765 - ARPA COV 22-24	\$1,600,000.00	\$0.00
062222865 - ARPA COV 22-25	\$50,222,500.00	\$358,813.17
062222965 - ARPA SD 22-24	\$5,000,000.00	\$339,398.56
Grand Total	\$249,168,800.00	\$30,898,474.20

ARPA Funded Grant Programs Budgets and Actual Expenditures						
As of 01/14/2022						
Major Program Code	Program Code	Program Name	APPR Code	Sum of CA Period Reimbursable Awarded	Sum of ENC	Sum of Total Exp
600WIC	621CVWFOOD	FFY 21 WIC FOOD ARPA CASH VALUE VOUCHER	062221301	\$1,215,416.00	\$0.00	\$521,037.66
600WIC Total				\$1,215,416.00	\$0.00	\$521,037.66
60SNAP	621SNADMIN	FY21 Supplemental Nutrition Assistance Program Admin	062220701	\$50,000.00	\$0.00	\$0.00
60SNAP	621SNAPEBT	FFY 21 SNAP PEBT	062220701	\$768,423.32	\$1,812.50	\$20,739.63
60SNAP	621SNAPMAS	FFY 21 SNAP Mass Change	062220701	\$0.00	\$0.00	\$0.00
60SNAP	622SNAPEBT	FFY22 SNAP PEBT	062220701	\$1,000,000.00	\$547,400.00	\$32,621.40
60SNAP Total				\$1,818,423.32	\$549,212.50	\$53,361.03
6CCDFA	621CCDFCSA	FFY21 ARPA Child Care Stabilization Act	062220601	\$45,336,010.00	\$0.00	\$20,000,000.00
6CCDFA Total				\$45,336,010.00	\$0.00	\$20,000,000.00
6CCDFG	621CCDFCBG	FFY21 ARPA Child Care Block Grant	062220501	\$28,345,643.00	\$98,000.00	\$0.00
6CCDFG Total				\$28,345,643.00	\$98,000.00	\$0.00
702103	7021030001	Alaska Initiative to Address COVID-19 Health Disparities	062222865	\$31,340,066.00	\$236,223.07	\$328,294.37
702103 Total				\$31,340,066.00	\$236,223.07	\$328,294.37
710509	7105090CV6	ELC COVID SCHOOL TESTING	062221501	\$0.00	\$3,052,469.50	\$3,148,571.50
710509	7105090CV6	ELC COVID SCHOOL TESTING	062222865	\$22,033,777.00	\$0.00	\$0.00
710509	7105090CV9	ELC Project O:VPD/Global Mitigation	062222865	\$135,339.00	\$0.00	\$0.00
710509	710509DMOC	ELC Accelerating Data Modernization in Jurisdictions	062222865	\$3,343,124.00	\$35,000.00	\$0.00
710509	710509DOJC	ELC Detection & Mitigation of COVID-19 in Confinement Facili	062222765	\$1,610,000.00	\$0.00	\$0.00
710509	710509HISC	ELC Project C1:HIS	062222865	\$110,848.00	\$0.00	\$0.00
710509 Total				\$27,233,088.00	\$3,087,469.50	\$3,148,571.50
712592	71259200C2	Immunization and Vaccines Supplemental 2 & 2b	062222865	\$871,632.00	\$0.00	\$3,877.12
712592	71259200C5	Immunization and Vaccines	062221601	\$390,707.00	\$0.00	\$0.00
712592	71259200C6	Immunization and Vaccines	062221601	\$29,534,225.00	\$121,439.91	\$35,116.27
712592	712592DSPC	Immunization 10% Underserved Population	062221601	\$2,451,650.00	\$0.00	\$0.00
712592	712592VWCC	Immunization and Vaccines	062222865	\$537,073.00	\$0.00	\$0.00
712592 Total				\$33,785,287.00	\$121,439.91	\$38,993.39
742175	7419080001	Maternal, Infant and Early Childhood Homevisiting Grant Prog	062222865	\$165,284.00	\$37,250.00	\$10,655.96
742175 Total				\$165,284.00	\$37,250.00	\$10,655.96
770000	770000PHCV	AK PUBLIC HEALTH CRISIS RESPONSE-NOVEL CORONAVIRUS	062222865	\$5,278,525.00	\$0.00	\$15,985.72
770000 Total				\$5,278,525.00	\$0.00	\$15,985.72
777429	7774290001	Coronavirus State Hospital Improvement Program	062222865	\$1,349,072.00	\$0.00	\$0.00
777429	77742900CV	SHIP American Rescue Plan Fun	062222865	\$4,134,016.00	\$0.00	\$0.00
777429 Total				\$5,483,088.00	\$0.00	\$0.00
810030	8F21T3C5CV	SDS FFY21 T3C2 HDC5 CAA	062222965	\$840,000.00	\$479,692.23	\$339,398.56
810030 Total				\$840,000.00	\$479,692.23	\$339,398.56
810040	8F21T3DHCV	SDS FFY21 Title III D ARP	062221201	\$218,900.00	\$0.00	\$0.00
810040 Total				\$218,900.00	\$0.00	\$0.00
811000	8F21DDC5CV	SDS FFY21 PHS DD Access to COVID 19 Vaccine	062222965	\$26,695.00	\$0.00	\$0.00
811000 Total				\$26,695.00	\$0.00	\$0.00
813010	8F21T7ELCV	SDS FFY21 Title VII Elder Justice CRRSA COVID	062222965	\$20,000.00	\$0.00	\$0.00
813010 Total				\$20,000.00	\$0.00	\$0.00
813020	8F21T7OMCV	SDS FFY21 Title VII Ombudsman ARP COVID	062222965	\$49,750.00	\$0.00	\$0.00
813020 Total				\$49,750.00	\$0.00	\$0.00
8APS00	8F21APSACV	SDS FFY21 ARP for APS under SSA Title XX Sec	062222965	\$645,450.00	\$0.00	\$0.00
8APS00	8F21APSCCV	SDS FFY21 CRRSA Supplemental Funding for APS	062222965	\$704,100.00	\$0.00	\$0.00
8APS00 Total				\$1,349,550.00	\$0.00	\$0.00
8ILP00	8F21ILPCCV	SDS FFY21 IDEA Part C/ILP ARP COVID	062222965	\$1,218,273.00	\$0.00	\$0.00
8ILP00 Total				\$1,218,273.00	\$0.00	\$0.00
ARPA21	ARPA210701	ACS/Warehouse/PPE	062222601	\$2,000,000.00	\$0.00	\$50,449.84
ARPA21	ARPA210706	Testing	062222601	\$7,000,000.00	\$4,725,497.28	\$1,357,640.98

ARPA21	ARPA210707	Communications	062222601	\$5,000,000.00	\$352,333.40	\$4,105,578.19
ARPA21	ARPA210708	PH ADMIN MISC.	062222601	\$500,000.00	\$0.00	\$187,558.62
ARPA21	ARPA210709	Contact Tracing/Investigating	062222601	\$1,000,000.00	\$0.00	\$45,276.66
ARPA21	ARPA210710	Vaccine	062220601	\$0.00	\$0.00	\$0.00
ARPA21	ARPA210710	Vaccine	062222601	\$4,500,000.00	\$468,050.00	\$695,671.72
ARPA21 Total				\$20,000,000.00	\$5,545,880.68	\$6,442,176.01
Grand Total				\$203,723,998.32	\$10,155,167.89	\$30,898,474.20



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health and Social Services

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December 29, 2021

The Honorable Natasha von Imhof
Legislative Budget and Audit Committee Chair
1500 W. Benson Boulevard
Anchorage, AK 99503

The Honorable Chris Tuck
Legislative Budget and Audit Committee Vice Chair
1500 W. Benson Boulevard
Anchorage, Alaska 99503

Legislative Budget and Audit Committee
Alaska State Legislature
P.O. Box 113300
Juneau, AK 99811-3300

RE: Department of Health and Social Services (DHSS), State of Alaska, Status of Corrective Action on Single Audit Findings for the Fiscal Year Ended June 30, 2020

Dear Senator von Imhof and Representative Tuck,

The Department of Health and Social Services (DHSS) appreciates the opportunity to review and provide responses to the specific findings as requested by the Legislative Auditor, Kris Curtis in correspondence dated November 10, 2021, on your behalf.

Several of the findings reported in FY2020 are repeat findings that are the direct result of redirecting agency resources to mitigate the public health threat posed by the COVID-19 pandemic that occurred during the second half of FY2020 and has continued into FY2022. While the progress the department has made in fixing existing findings has been slower than desired and frequently hindered during the pandemic, DHSS has continued to mitigate the issues identified through the single statewide audit by the Division of Legislative Audit.

Single Audit Finding Nos. 2020-045, 2020-046

Significant errors associated with the accuracy and timeliness of Medicaid and Children's Health Insurance Program (CHIP) eligibility determinations were identified. The ongoing problem reflects a lack of training and quality assurance controls.

What actions have been taken or are planned to be taken to improve Medicaid and CHIP eligibility determinations?

The Division of Public Assistance (DPA) has continued to develop and implement comprehensive corrective action to mitigate these findings including strengthening business processes; updating written procedures; developing refresher trainings; onboarding an electronic, statewide case management system; procuring an Asset Verification System (AVS); and implementing a statewide case review team with guidelines. Most recently, DPA procured a contractor to oversee the operations and maintenance of the Alaska's Resource for Integrated Eligibility Services (ARIES) effective July 1, 2021, and is in the process of completing a Request for Proposals (RFP) for automated eligibility renewals. These are two critical resources that assist eligibility staff in performing eligibility determinations.

When were the corrective actions implemented or are planned to be implemented?

The department has been actively working corrective action plans prior to the issuance of the FY2019 statewide audit report and continues to mitigate both current findings, in addition to managing temporary federal requirements around the COVID-19 pandemic. The department anticipates these findings may be considered resolved by legislative audit in the FY2021 statewide audit, currently in process.

Single Audit Finding No. 2020-044

Material internal control weaknesses in the new Medicaid and CHIP eligibility system, ARIES, were identified. The weaknesses have existed for several years and are contributing to eligibility determination errors.

What corrective actions have been taken and/or are planned to be taken to resolve the finding, including the date(s) completed or expected to be completed?

DPA procured a contractor to oversee the operations and maintenance of the Alaska's Resource for Integrated Eligibility Services (ARIES) effective July 1, 2021. The contractor is addressing known system defects and re-prioritizes periodically to incorporate new federal requirements. The division is also fulfilling another major milestone through the completion of a Request for Proposals (RFP) for an automated renewal system, which is a federal requirement.

A capital funding request has been submitted to fully develop ARIES and integrate other federal programs into the system allowing the state to retire the legacy Eligibility Information System (EIS).

Both the COVID-19 pandemic and agency cyberattack have created delays in working the corrective action plans. The department anticipates this finding will be resolved by legislative audit in the FY2022 statewide audit.

Single Audit Finding No. 2020-043

Analyzing claims for services provided to Medicaid-eligible American Indian/Alaska Native members received through a Tribal Health Organization but rendered at a non-IHS/Tribal Health provider is conducted outside of the Medicaid Management Information System and prone to error. Errors identified for FY 20 were just over \$1 million and errors found for FY 19 were just over \$3.3 million.

What corrective actions have been taken and/or are planned to be taken to resolve the finding, including the date(s) completed or expected to be completed?

The DHSS Division of Health Care Services (HCS) strengthened its internal processes and procedures to reduce the risk of errors occurring during tribal reclaiming. The enhancements include the following:

- Additional steps for data validation were added to existing procedures to ensure a complete and accurate data set from both the Cognos queries and the Tribal Health Organization's case managed recipient lists.
- The HCS Tribal Health Unit modified its organizational structure reclassifying one of its tribal reclaiming analyst positions to a lead position to increase monitoring and evaluate the quality and accuracy of the reports submitted for reclaiming.
- HCS also developed a desk manual that outlines the review process to reduce the risk of errors.

The department anticipates this finding may be considered resolved by legislative audit in the FY2021 statewide audit, currently in process.

Single Audit Finding No. 2020-040

Dental services are likely being overutilized for CHIP and Medicaid members under the age of 21.

What corrective actions have been taken and/or are planned to be taken to resolve the finding, including the date(s) completed or expected to be completed?

This finding is expected to be resolved in FY2022 following the release of the new regulations expected to be issued in March of 2022. Prior to the audit findings being issued, the department had started collaborating with the Medical Care Advisory Committee and in FY2019 a dental subcommittee had been established. Industry stakeholder recommendations have been incorporated into the regulation package and they increase the controls to address over-utilized and misused dental services. While the agency was pursuing regulation development, it continued to operate within the current regulations, however, additional internal controls were implemented including post payment reviews of medical necessity followed by recoupments and referrals to compliance entities.

Single Audit Finding No. 2020-050

The Department of Health and Social Services has not implemented an effective statewide surveillance and utilization and control program to safeguard against unnecessary or inappropriate use of Medicaid services.

What corrective actions have been taken and/or are planned to be taken to resolve the finding, including the date(s) completed or expected to be completed?

The DHSS Division of Health Care Services (HCS) took the following actions to address the concerns raised regarding the implementation of a Surveillance and Utilization Review (SUR) program. The following activities were implemented July 2020 through March 2021 and are ongoing for all cases:

- Strengthened policies and procedures surrounding internal controls
- Strengthened policies and procedures for case/records review
- Developed case sampling plan
- Refined DHSS Audit Committee participation to identify opportunities for collaboration/reduce duplication

Following the FY2020 Legislative Audit, HCS took several additional steps to improve Alaska's SUR Program. These improvements were implemented January through June 2021 and are ongoing for all cases:

- Strengthened Deputy Director review and oversight into policy, procedure, and case review processes
- Strengthened policies and procedures to include state and federal citations that define the authority under which each business process operates
- Strengthened the case sampling plan and case review processes to establish
 - Target annual case count, 100 per year
 - Target depth of case selection driven by CMS ACA provider risk level
 - Incorporated J-SURS Provider Type Profile Summary's for case selection to identify the high-level concepts behind the peer group comparison strategy, and extenuating case selection considerations
 - Strengthened referral criteria to Program Integrity and the Medicaid Fraud Control Unit
- Strengthened control file review process to clarify strategy about how peer group comparison should occur for small and large peer groups

In addition to the process updates described above, professional development of the SUR team has included training by CMS/DOJ at the Medicaid Integrity Institute to adopt best practices for SUR programs (multiple classes in FY2020/FY2021) including:

- Participating in monthly/quarterly workgroups with IBM Watson Health to exchange strategies/best practice with other states using the same data-profiling tool (ongoing since December 2019).

Lastly, in August 2021 the SUR team virtually attended the National Association for Medicaid Program Integrity (NAMPI) conference which allows state staff to stay current with tools, trends, and technologies to further strengthen Alaska's SUR program. The department anticipates this finding may be considered resolved by legislative audit in the FY2021 statewide audit, currently in process.

Single Audit Finding No. 2020-033

Material weaknesses and material noncompliance were identified associated with Temporary Assistance for Needy Families eligibility determinations and special requirements. Deficiencies include errors in determining eligibility and a lack of documentation supporting the request and use of income and benefit information through the Income Eligibility and Verification System and other data exchanges necessary for determining eligibility.

What corrective actions have been taken and/or are planned to be taken to resolve the finding, including the date(s) completed or expected to be completed?

The DHSS DPA onboarded a new contract effective July 1, 2020, and implemented an Income Eligibility and Verification System (IVES) in January 2021. IVES will assist in identifying fraud, waste, and abuse within TANF. The agency also implemented an electronic document management system in late FY2020 to automate access to case documentation to increase accuracy of the eligibility determinations in accordance with the corrective action plan. The department anticipates this finding may be considered resolved by legislative audit in the FY2021 statewide audit, currently in process.

Single Audit Finding No. 2020-037

The Division of Public Assistance has not implemented adequately designed internal controls to prevent, or detect and correct, noncompliance with federal requirements for the Temporary Assistance for Needy Families program, including requirements associated with child support noncooperation, penalty for refusal to work, and penalty for failure to comply with work verification plan.

What corrective actions have been taken and/or are planned to be taken to resolve the finding including the date(s) completed or expected to be completed?

DPA has re-assessed and strengthened its two-tier quality assurance process, which starts with a supervisor review of a monthly target of cases and then a case reader process relying on a random sample of cases per worker. The quality assurance processes were adversely impacted first by delays caused by the COVID-19 pandemic on the implementation of the statewide case management system then again by the cyberattack requiring workarounds to access case documentation. The department anticipates this finding will be resolved by legislative audit in the FY2022 statewide audit.

I welcome the opportunity to further address your concerns and provide additional information which you may determine as necessary for your review.

Sincerely,



Adam Crum
Commissioner

CC: Sylvan Robb, Assistant Commissioner
Albert E. Wall, Deputy Commissioner
Clinton Lasley, Deputy Commissioner
Matt Davidson, Legislative Liaison
Shawnda O'Brien, Director, Division of Public Assistance
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