



30th Alaska State Legislature
 House Finance Budget Subcommittee
 Department of Health and Social
 Services
 FY19 Operating Budget

Chair:

Rep. Gara
 Capitol Room 511
 465-1335

Members:

Rep. Spohnholz
 Capitol Room 421
 465-2840

Rep. Edgmon
 Capitol Room 208
 465-2839

Rep. Kito
 Capitol Room 403
 465-4766

Rep. Tarr
 Capitol Room 126
 465-3424

Rep. Eastman
 Capitol Room 114
 465-2186

Rep. J Johnston
 Capitol Room 430
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Rep. Sullivan-Leonard
 Capitol Room 420
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Rep. Tilton
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Committee Aide:

Michelle Sydeman
 Capitol Room 511
 465-1335

February 22, 2018

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Department of Health and Social Services held 8 meetings with the Department during the review of their FY19 budget request.

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Health and Social Services recommends that the House Finance Committee accept the Department of Health and Social Services' FY19 budget with the following amendment recommendations:

The numbers-only budget with amendment recommendations totals:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$1,147,735.9
Designated General Funds (DGF)	\$81,019.1
Other Funds	\$122,145.7
Federal Funds	\$1,885,967.0
Total	\$3,236,867.7

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Subcommittee Recommended budget is a reduction of \$103,643.3, a decrease of 8.3 percent.

The Unrestricted General Fund difference from FY19 Governor's Adjusted Budget to the FY19 House Subcommittee Recommended budget is a decrease of \$17,372.8, a decrease of 1.5 percent.

Positions:

Permanent Full-time	3,417
Permanent Part-time	44
Temporary	76
Total	3,537

GOVERNOR’S AMENDMENTS

The subcommittee recommends that the House Finance Committee consider approval of the following Governor’s amendments:

- Children’s Service’s Management – Establish a Children’s Services Safety Officer to respond to increasing threats against employees and OSHA-related safety complaints and violations. +111.0 UGF and \$47.6 Fed. 1 position.
- Front Line Social Workers – Hire Part-time Security Guards on a Contractual Basis in Kenai and Fairbanks to respond to threats of violence. OCS already hires security guards in Anchorage, Wasilla and Juneau. Hiring these guards in Kenai and Fairbanks is part of OCS’ effort to comply with OSHA standards for worker safety. +129.0 UGF and \$72.0 Fed.

The subcommittee recommends that the House Finance Committee not approve the following Governor’s amendment:

- Public Assistance Field Services – Address Backlog of Public Assistance Applications and Unmanageable Worker Caseloads. Adds funding and 41 PFT positions to address the growing backlog (currently more than 20,000) of applications from Alaskans for public assistance. +2,214.4 UGF and \$2,214.3 Fed. 41 positions. (The subcommittee made this a 3-year, temporary increment request (FY19-FY21).

SUBCOMMITTEE BUDGET RECOMMENDATIONS

The following budget amendments are submitted by the subcommittee for consideration by the House Finance Committee:

- Behavioral Health, Designated Evaluation and Treatment – 3-Year Matching Funds to Support Hospital-Based Mental Health Care. Alaska Psychiatric Institute (API) has significantly less treatment bed capacity than needed, with waitlists as high as 30 patients on some days. Persons with acute mental illness who may be a danger to themselves or others are being held in emergency departments for days or longer, awaiting admission at API. The hospitals often lack the ability to treat these patients and generally cannot bill for them beyond 23 hours, yet must provide a safe, supportive environment for them until they are finally transferred to API.

This proposed amendment would match federal Disproportionate Share Hospital funds (more than \$10 million of which the state has not been claiming annually in recent years) to enable the communities and hospitals most impacted by the lack of treatment beds at API to enhance a variety of treatment and security needs, including hospitals with a demonstrated need in Anchorage, Wasilla, Fairbanks, Soldotna, Bethel, and Juneau. Funds could be used to provide psychiatric, social work, substance abuse and other services, hire additional security guards, convert emergency rooms to safe rooms, etc. +\$1,900.0 ACHI to secure \$1,900.0 in federal DSH funds. (FY19-FY21).

- Senior Benefits Payment Program – Defer Funding for the Senior Benefits Payment Program to the Fiscal Note for HB 236/SB170. A bill to fund the Program has already passed the House. Program funds cannot be spent without reauthorizing legislation, which is expected soon. -\$19,986.1 UGF.
- Senior Benefits Payment Program – Add wordage. “It is the intent of the legislature to fund the Senior Benefits Payment Program upon reauthorization during the 2018 legislative session.” This critical program serves more than 11,000 low-income, elder Alaskans.
- Energy Assistance Program – Delete Excess Federal Receipt Authority. -\$2,500 (Fed).

- Public Assistance Field Services – Address Backlog of Public Assistance Applications and Unmanageable Worker Caseloads. Adds 3-year temporary funding (FY19-FY21) and 41 PFT positions to address the growing backlog (currently more than 20,000) of applications from Alaskans for public assistance. Unmanageable caseloads and excessive overtime have led to 40% of new employees leaving the Division within their first year, which wastes state recruitment and training dollars, undermines productivity, and damages morale. Caseloads increased 24% between FY 15 and FY18.

While about 80% of applications that are hand-delivered are processed on the same day, roughly 17,500 Alaskans are waiting an average of 231 days for their first-time Medicaid application to be processed. Some have been waiting since 2014. In addition, more than 1,700 Alaskans are waiting roughly 40 days for their Food Stamp (SNAP) applications to be processed. Hundreds of other Alaskans are waiting to find out whether they qualify for Adult Public Assistance, Alaska Temporary Assistance, and General Relief. +2,214.4 UGF and \$2,214.3 Fed. 41 positions. (This amends the Governor’s request described above and allows the legislature to re-evaluate the need for these positions in three years.)

- Women, Infants and Children – Delete Excess Statutory Designated Program Receipt and Federal Authority. \$-1,000.0 (Other), -\$750.0 (Fed).
- Commissioner’s Office – Delete Department-Level Language in the Mental Health Budget Allowing the Commissioner to Transfer up to \$25 Million between Appropriations. This language is already in the operating budget and therefore may give the erroneous impression that the Department may transfer up to \$50 million.
- Commissioner’s Office – Reduce Excess Receipt Authority. Add the following wordage: “It is the intent of the legislature the department review fund sources in all allocations and reduce excess receipt authority where the department believes the collection of receipts is not achievable.” This action will help clean up and better reflect the department’s actual budget.
- Behavioral Health Medicaid Services – One-time Funding for Study on Improving Alaska’s Capacity to Treat Defendants with Acute Mental Health

Needs. These funds will match existing Mental Health Trust funds (MHTAAR) within the Department to determine whether Alaska needs a forensic hospital or facilities apart from API for forensic services. Studies culminating in 2005 recommended a 140-bed facility at API, including 40 forensic beds; however, API was built with a capacity for 80 patients, and only 10 forensic beds. Moving API's current 10 forensic beds to another location would free-up beds inside API that are desperately needed to address the waiting list at API for court-ordered adult acute civil, involuntary admissions. +\$159.0 UGF one-time.

- Health Care Medicaid Services – 3-Year Federal Funding Paired with State ACHI Funds to Support Hospital-Based Mental Health Care. This amendment would provide hospitals in Anchorage, Fairbanks, Bethel, Wasilla, Soldotna, Juneau, and elsewhere that are holding patients awaiting transfer to API with funds to provide treatment and other services to those patients and ensure their security as well as the security of others in hospital emergency rooms. This funding will address a demonstrated crisis in mental health services while two hospitals bring new mental health beds on-line and the State awaits approval of its Section 1115 Behavioral Health Medicaid Waiver. This waiver will increase access to community-based behavioral health services. Implementation will take several years, but is anticipated to begin in FY20. + \$1,900 (Fed) FY19-FY21.

OTHER INFORMATION:

The subcommittee discussed a variety of issues during the meetings, including one amendment proposal that was ultimately withdrawn.

This amendment proposal would have transferred up to \$1.5 million from the Recidivism Reduction Fund to the Alcohol and Other Drug Prevention and Treatment Fund to give the state time to determine how to address future projected shortfalls in the Alcohol Fund. In the past few fiscal years, appropriations from the Alcohol Fund have exceeded revenue to the fund. The excess appropriations have been covered by a carry forward balance. At current appropriation levels, the carry forward balance will be exhausted in FY20. This issue will need to be addressed by future legislatures.

SUBCOMMITTEE STATUTORY RECOMMENDATIONS

The subcommittee made no statutory recommendations.

ATTACHED REPORTS (House Structure, Numbers Only):

Transaction Detail – House Structure - Subcommittee Recommended Amendments
Allocation Summary
Multi-Year Allocation Summary – Operating Budget

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Les Gara", with a long horizontal flourish extending to the right.

Representative Les Gara, Chair
House Finance Budget Subcommittee for the Department of Health and Social
Services