

# **State of Alaska FY2011 Governor's Operating Budget**

## **Department of Health and Social Services Behavioral Health Medicaid Services Component Budget Summary**

## Component: Behavioral Health Medicaid Services

### Contribution to Department's Mission

Maintain availability of behavioral health services to individuals with a mental disorder or illness and/or a substance abuse disorder.

### Core Services

- The Medicaid program is a jointly funded, cooperative entitlement program between federal and state governments to assist in the provision of adequate and competent medical care to eligible needy persons. The State Children's Health Insurance Program (SCHIP), operated through Denali KidCare, is an expansion of Medicaid which provides health insurance for uninsured children whose families earn too much to qualify for Medicaid, but not enough to afford private coverage.
- Mental Health Clinic Services are provided to children and adults who have been identified through an assessment as emotionally disturbed. Behavioral health clinic services include the following: crisis intervention; family, individual or group psychotherapy; intake and psychiatric assessment; psychological testing; and medication management. Clinic services are provided by state-approved outpatient community mental health clinics and mental health physician clinics.
- Mental Health Rehabilitation Services are provided to children and adults identified through an assessment as a severely emotionally disturbed child or a chronically mentally ill adult. Mental health rehabilitation services are expected to reasonably increase the recipient's ability to function in their home, school, or community. Services include evaluation; individual, family and group skill development; recipient support services; medication administration; and case management.
- Substance Abuse Rehabilitation Services are provided to recipients with an identified need for substance abuse services. Substance abuse services include assessment and diagnosis; outpatient services or intensive outpatient services consisting of counseling, care coordination and rehabilitation treatment; intermediate services provided to patients requiring a structured residential program; medical services directly related to substance abuse; and detoxification.
- Psychiatric services are limited to medically necessary psychological testing to determine the status of a recipient's mental, intellectual, and emotional functioning. Services require a referral and must include administration of psychodiagnostic tests, the interpretation of results, and a written report.
- Inpatient Psychiatric Facility Services are provided to severely emotionally disturbed children under 21 years of age in an inpatient psychiatric hospital facility or a residential psychiatric treatment center. Services must be based on the recommendation of an interdisciplinary team (authorized by the department) and working under the direction of a psychiatrist.

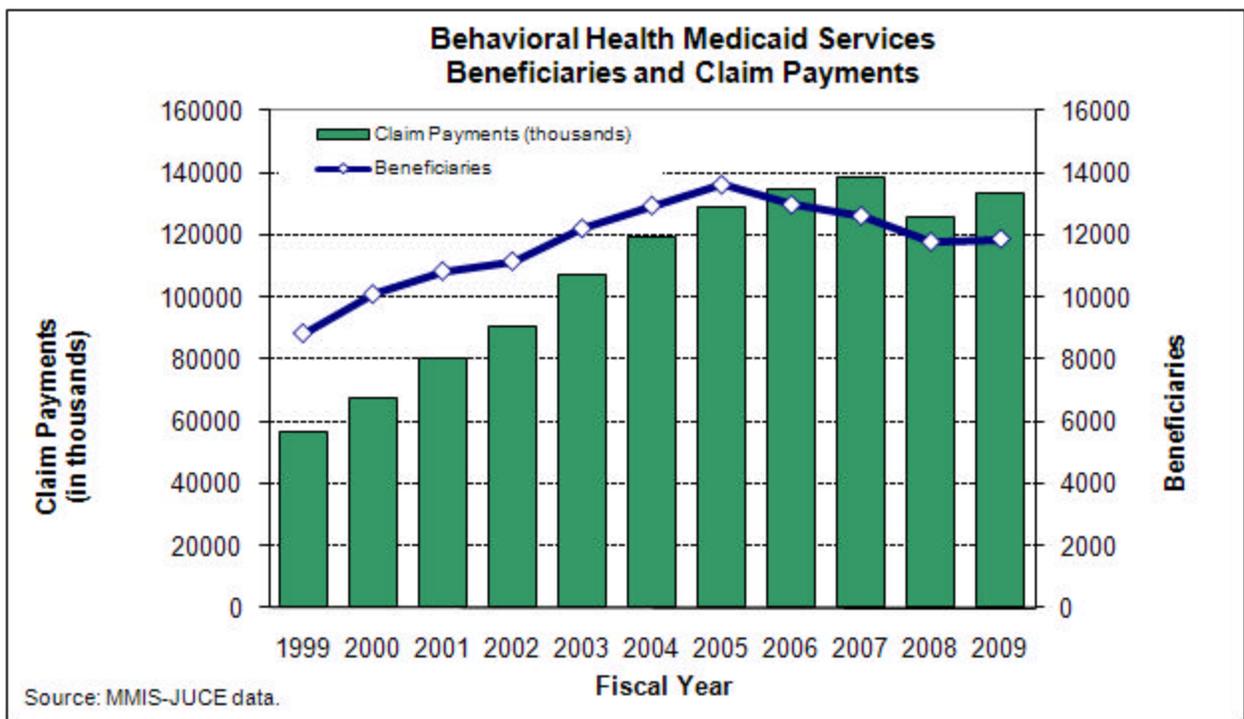
### Key Component Challenges

- The landscape for behavioral health service delivery continues to be challenging to Alaska behavioral health service providers. As service providers adapt to the changing environment that includes audits and potential "paybacks," the implementation of "risk management" practices are becoming more formalized in their respective business processes. This has resulted in increased levels of costly administrative burden and diverted resources from actual service delivery. Reimbursement rates have not kept up, at a minimum, with the increased cost of inflation. The efforts to meet basic risk management requirements are resulting in diminishing services, and challenging service providers to meet basic fiscal needs within their organizations. The treatment services network is becoming increasingly more fragile and at risk. Additionally, provider concerns related to the potential financial impacts of audits have resulted in a reluctance to adequately bill Medicaid for legitimate services which had been provided.
- Currently, the division is engaged in promoting system integration and business practice improvement through the development of integrated behavioral health regulations. The division has prioritized the adoption and implementation of regulations that are cornerstones to integration of the community-based drug and alcohol and community-based mental health treatment systems. System level highlights include merging the former two provider types (Substance Abuse and Mental Health) into one, providing for a single set of reimbursable behavioral health services, and establishing a single rate structure.
- Behavioral Health is developing program initiatives to support integration of primary care medical services and

- behavioral health services including coverage of alcohol screening and brief intervention services.
- Behavioral Health implemented Medicaid coverage for services provided by independently practicing psychologists, effective May 1, 2008. Services provided by this provider group include medically necessary psychological testing to determine the status of a recipient’s mental, intellectual and emotional functioning.

**Significant Changes in Results to be Delivered in FY2011**

Behavioral Health Medicaid costs are projected to grow 6% between 2010 and 2011. Medicaid reforms aimed at improving program sustainability, particularly the Bring the Kids Home initiative, will continue. In FY11, the division will continue efforts to decrease the number of children served out of state while continuing efforts to improve the capacity to serve children in-state. Efforts include coordination with in-state residential psychiatric treatment centers (RPTCs) to meet specialized treatment needs, expansion of community-based options, and improvements to systems that facilitate the step down of service intensity when clinically appropriate. A focus in FY11 will be to support the expansion of rural and tribal community services through technical assistance and training that is customized to identified service, program or staff deficiencies. As a result of children remaining in state, families will be able to participate to a greater extent in their child’s recovery and the need for future services will be reduced.



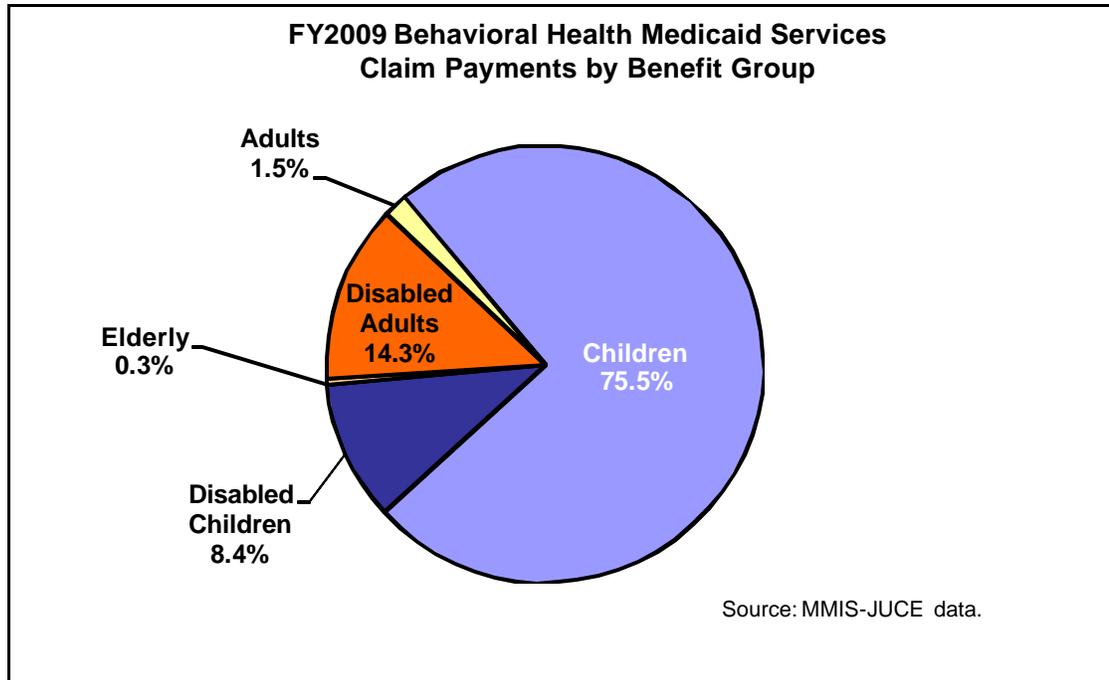
**Updated Status for Results to be Delivered in FY2010**

For FY10, Behavioral Health Medicaid costs are projected to grow 6% from FY09. Spending will rebound from the 11% drop seen between FY07 and FY08, returning to a slightly higher level than FY07. In recent years, the department has implemented Medicaid reforms aimed at improving Medicaid sustainability. Cost containment efforts begun in FY04 have successfully reduced the rate of growth from the high of 19.1% for 2001 to -11% for FY08. In particular, the Bring the Kids Home initiative reduced utilization of residential psychiatric treatment centers by 19% from FY07 to FY08. Additional capacity expected on completion of new facilities and increases in provider reimbursement approved by the 2008 Legislature will contribute to the approximately 6% increase in costs forecast for FY10.

Status Update for FY2010: It is not anticipated that any new facilities will open in FY10. However, the utilization of beds in new facilities will continue to increase toward capacity as programs gain experience.

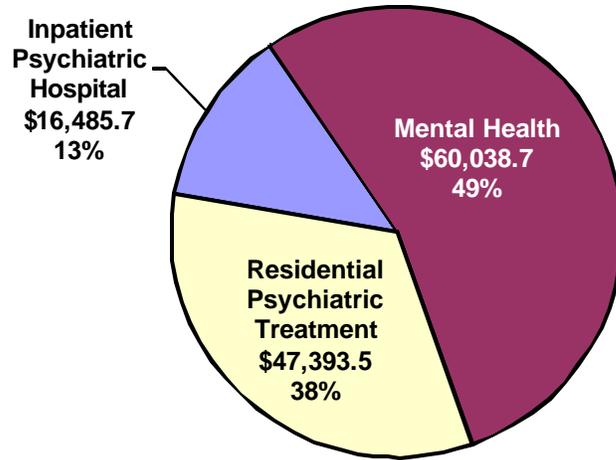
### Major Component Accomplishments in 2009

- In FY09 the Behavioral Health Medicaid component provided services to about 11,900 persons at an average annual cost per person that approached \$11,300. Eighty-four percent of benefit payments were for children (disabled and non-disabled).



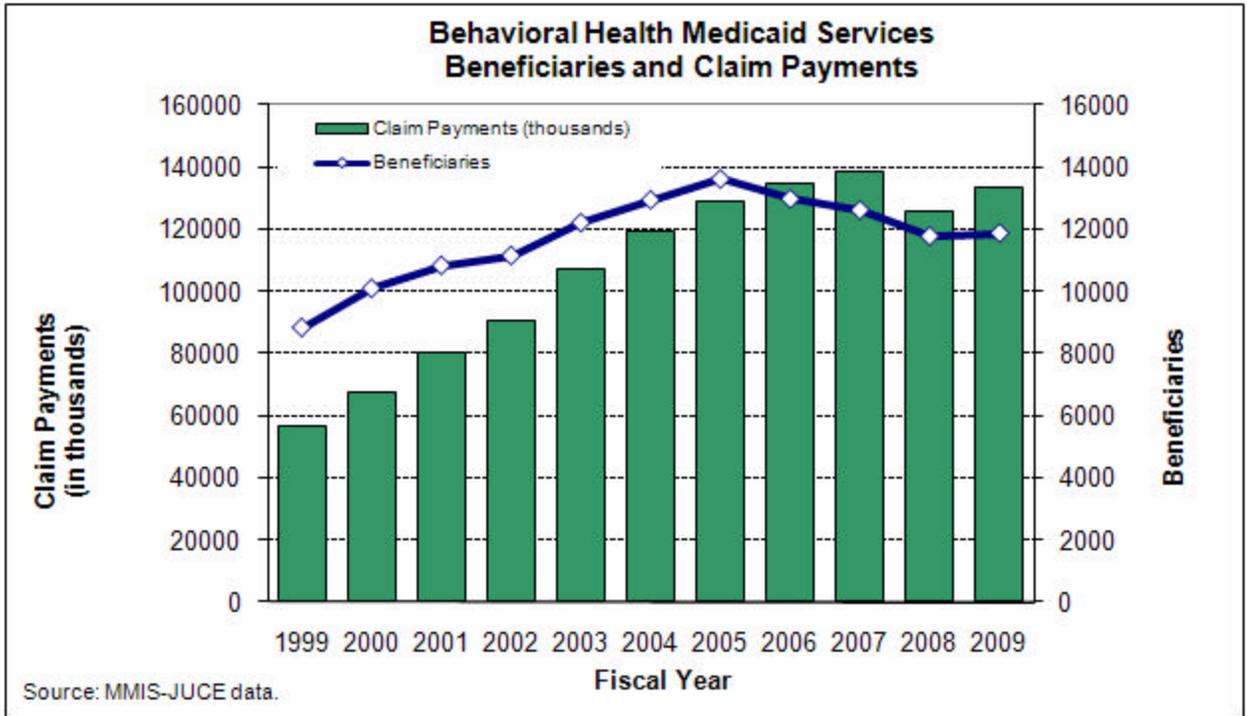
- Medicaid costs for behavioral health services increased about 6% between FY08 and FY09. The Behavioral Health Medicaid Services component funds three types of services: inpatient psychiatric hospital services, residential psychiatric treatment center (RPTC) services, and community behavioral health services. Inpatient psychiatric hospital claims comprised 13%, RPTC claims comprised 38%, and claims submitted by community behavioral health providers comprised 49% of costs funded through this component in FY09.

**Behavioral Health Medicaid Services  
FY2009 Expenditures by Service Category**

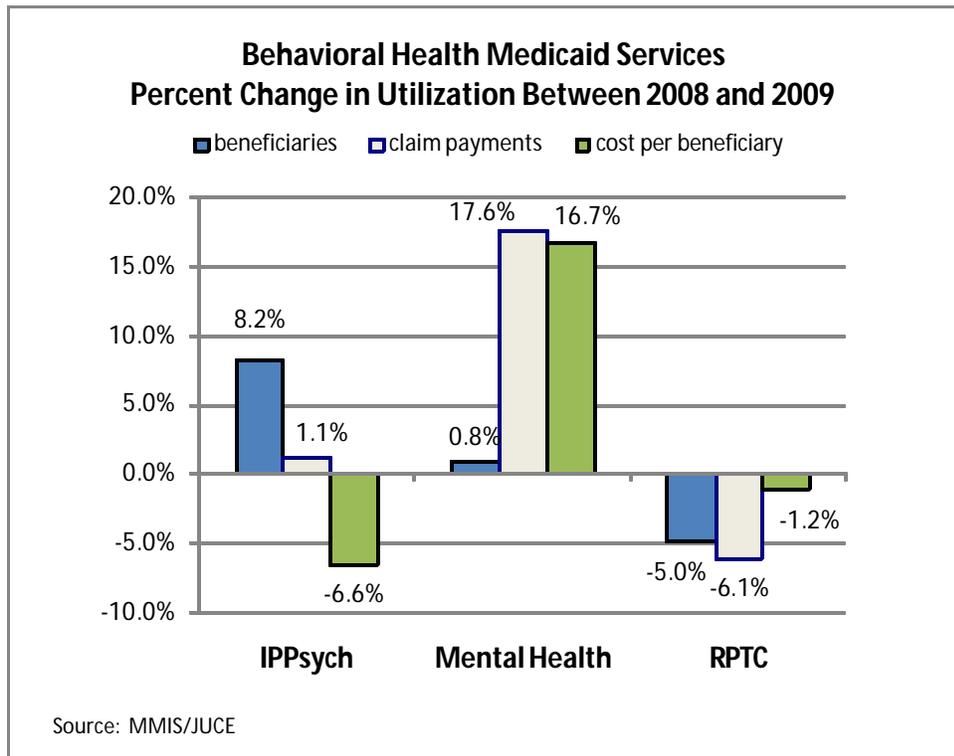


Source: AKSAS data.

In recent years, the department has implemented Medicaid reforms aimed at improving Medicaid sustainability. Cost containment efforts begun in FY04 successfully reduced the rate of growth in expenditures from the high of 19% for FY01 to 6% for FY09 without reducing the number of clients served.



- The Bring the Kids Home initiative reduced utilization of residential psychiatric treatment centers by 19% between FY07 to FY08 and by an additional 5% between FY08 and FY09. Total costs for RPTC services and the annual cost per RPTC client decreased by 6% and 1% respectively in FY09.



## Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons  
AS 47.25 Public Assistance

Administrative Code:

7 AAC 43 Medicaid  
7 AAC 100 Medicaid Assistance Eligibility

Social Security Act:

Title XIX Medicaid  
Title XVII Medicare  
Title XXI Children's Health Insurance Program

Code of Federal Regulations:

42 CFR Part 400 to End

Contact Information
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**Behavioral Health Medicaid Services  
Component Financial Summary**

*All dollars shown in thousands*

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	133,198.6	142,529.8	152,565.1
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>133,198.6</b>	<b>142,529.8</b>	<b>152,565.1</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	71,539.3	78,118.5	82,720.6
1003 General Fund Match	11,168.3	6,915.6	6,915.6
1004 General Fund Receipts	0.0	262.9	262.9
1037 General Fund / Mental Health	42,362.4	42,362.4	47,795.6
1108 Statutory Designated Program Receipts	66.3	717.5	717.5
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	0.0	1,500.0	1,500.0
1212 Federal Stimulus: ARRA 2009	8,062.3	12,652.9	12,652.9
<b>Funding Totals</b>	<b>133,198.6</b>	<b>142,529.8</b>	<b>152,565.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	0.0	0.0	0.0	0.0	82,720.6
Statutory Designated Program Receipts	51063	0.0	0.0	0.0	0.0	717.5
Federal Economic Stimulus	51118	0.0	0.0	0.0	0.0	12,652.9
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>96,091.0</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>96,091.0</b>

**Summary of Component Budget Changes  
From FY2010 Management Plan to FY2011 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2010 Management Plan</b>	<b>49,540.9</b>	<b>90,771.4</b>	<b>2,217.5</b>	<b>142,529.8</b>
<b>Proposed budget increases:</b>				
-Medicaid Growth	5,433.2	4,602.1	0.0	10,035.3
<b>FY2011 Governor</b>	<b>54,974.1</b>	<b>95,373.5</b>	<b>2,217.5</b>	<b>152,565.1</b>

**Component Detail All Funds**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	133,198.6	142,712.3	142,712.3	142,529.8	152,565.1	10,035.3	7.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>133,198.6</b>	<b>142,712.3</b>	<b>142,712.3</b>	<b>142,529.8</b>	<b>152,565.1</b>	<b>10,035.3</b>	<b>7.0%</b>
<b>Fund Sources:</b>							
1002 Fed Rcpts	71,539.3	78,118.5	78,118.5	78,118.5	82,720.6	4,602.1	5.9%
1003 G/F Match	11,168.3	9,168.6	6,915.6	6,915.6	6,915.6	0.0	0.0%
1004 Gen Fund	0.0	262.9	262.9	262.9	262.9	0.0	0.0%
1037 GF/MH	42,362.4	42,362.4	42,362.4	42,362.4	47,795.6	5,433.2	12.8%
1108 Stat Desig	66.3	900.0	900.0	717.5	717.5	0.0	0.0%
1180 Alcohol Fd	0.0	1,500.0	1,500.0	1,500.0	1,500.0	0.0	0.0%
1212 Fed ARRA	8,062.3	10,399.9	12,652.9	12,652.9	12,652.9	0.0	0.0%
<b>General Funds</b>	<b>53,530.7</b>	<b>51,793.9</b>	<b>49,540.9</b>	<b>49,540.9</b>	<b>54,974.1</b>	<b>5,433.2</b>	<b>11.0%</b>
<b>Federal Funds</b>	<b>79,601.6</b>	<b>88,518.4</b>	<b>90,771.4</b>	<b>90,771.4</b>	<b>95,373.5</b>	<b>4,602.1</b>	<b>5.1%</b>
<b>Other Funds</b>	<b>66.3</b>	<b>2,400.0</b>	<b>2,400.0</b>	<b>2,217.5</b>	<b>2,217.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios With Descriptions**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
<b>FY2010 Conference Committee</b>												
ConfCom		142,712.3	0.0	0.0	0.0	0.0	0.0	142,712.3	0.0	0	0	0
1002 Fed Rcpts		78,118.5										
1003 G/F Match		9,168.6										
1004 Gen Fund		262.9										
1037 GF/MH		42,362.4										
1108 Stat Desig		900.0										
1180 Alcohol Fd		1,500.0										
1212 Fed ARRA		10,399.9										
<b>ADN 06-9-0059 FMAP increase 1.765% Sec 12 Ch 17 SLA2009, P 17, L 24 (HB199)</b>												
OthApr		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1003 G/F Match		-2,253.0										
1212 Fed ARRA		2,253.0										

FMAP Increase of 1.765%

Reference: HB 199 Section 12(a) and 12(b), p 17 line 24

Description:

Anticipated federal economic stimulus funding available to replace state funds under the federal medical assistance program (sec. 1905(b), Social Security Act).

When ARRA was originally signed in February 2009, the percentage of Title XIX costs that the federal government would pay (FMAP) increased from 50.53% for FFY 2009 and 51.43% for FFY 2010 to 58.68% for the period from October 2008 through December 2010. Included in ARRA is a provision that allows the FMAP to increase further if a state's unemployment rate exceeds certain thresholds. Alaska reached the first unemployment tier when its unemployment rate averaged 8.5% for three months. This fund change is a result of Alaska reaching the first unemployment tier, which brings Title XIX spending up to a 61.12% FMAP for 2010.

When the calculations were originally made for "FMAP Increase of 6.2%," the amount of fund changes for FFY 2010 were overstated; fund changes were made for an FMAP increase of 8.15 percentage points, which comprised of a 6.2 percentage point FMAP increase and a 1.95 percentage point hold harmless. However, for FFY 2010 the hold harmless should have only been 1.05 percentage points, not the 1.95 percentage points that went into the change record.

Instead of making a change record for 2.44 percentage points, once we include the fact that the federal fiscal years and state fiscal years don't line up, the 2010 change record associated with the FMAP increase to 61.12% is 1.765 percentage points (1 quarter of 2.44 percent and 3 quarters at 1.54 percent).

Fund Change:

-2,253.0 GF/Match

2,253.0 Federal Stimulus

**Change Record Detail - Multiple Scenarios With Descriptions**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<b>Subtotal</b>		<b>142,712.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>142,712.3</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** <b>Changes From FY2010 Authorized To FY2010 Management Plan</b> *****												
<b>ADN 06-0-0002 Transfer Excess SDPR Authority to Behavioral Health Administration</b>												
Trout		-182.5	0.0	0.0	0.0	0.0	0.0	-182.5	0.0	0	0	0
1108 Stat Desig		-182.5										
Transfer excess Statutory Designated Program Receipt (SDPR) authority from Behavioral Health Medicaid (BH Medicaid) component to Behavioral Health Administration (BH Admin) component to allow for the collection of receipts for federally mandated data reporting projects.												
The SDPR receipts will be used to fund a Reimbursable Services Agreement (RSA) with the Division of Public Health for the State Epidemiological Outcomes Workgroup (SEOW) and personal services expenses for the Research Analysts assigned to the data reporting projects.												
SDPR collection under BH Medicaid has averaged less than \$114.0 for the last three fiscal years. After this transfer, \$717.5 SDPR authority remains in the BH Medicaid component.												
<b>Subtotal</b>		<b>142,529.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>142,529.8</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** <b>Changes From FY2010 Management Plan To FY2011 Governor</b> *****												
<b>Medicaid Growth</b>												
Inc		10,035.3	0.0	0.0	0.0	0.0	0.0	10,035.3	0.0	0	0	0
1002 Fed Rcpts		4,602.1										
1037 GF/MH		5,433.2										

This increment is necessary to maintain the current level of behavioral health services in Medicaid for nearly 12,000 Alaskans with serious behavioral health problems, about 10% of all those enrolled in the Alaska Medicaid program during the year.

The Behavioral Health Medicaid Services component funds three types of services: inpatient psychiatric hospitals, residential psychiatric treatment centers, and outpatient behavioral health services. The programs support the department's mission to manage health care for eligible Alaskans in need. Providing behavioral health services through Medicaid improves and enhances the quality of life for Alaskans with serious behavioral health problems. Behavioral Health Medicaid services are also a major component of the department's Bring the Kids Home initiative.

For FY11, Behavioral Health Medicaid costs are projected to grow 4.4% from FY10. The FY11 forecast (with the 2010 FMAP) is \$151,723.2 (96,015.0 Federal / 55,647.2 GF / 61.0 Other). Projections are revised monthly and this increment request will be revisited for the Governor's Amended budget.

In recent years, the department has implemented Medicaid reforms aimed at improving Medicaid sustainability. Cost containment efforts begun in FY04 have successfully reduced the rate of growth from the high of 19.1% for 2001 to 7.5% for 2009. In particular, the Bring the Kids Home initiative reduced utilization of residential psychiatric treatment centers by 6% from 2008 to 2009. Increased enrollment and utilization will contribute to the approximate 4.4% increase in costs forecast for FY11.

Projections for formula growth are based on historical trends in population, utilization, provider reimbursement, and federal financial participation. The formula

**Change Record Detail - Multiple Scenarios With Descriptions**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)

**RDU:** Behavioral Health (483)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
growth projection does not speculate on future or proposed changes to eligibility, benefits or federal medical assistance percentage (FMAP).												
	<b>Totals</b>	<b>152,565.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>152,565.1</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Line Item Detail**  
**Department of Health and Social Services**  
**Grants, Benefits**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
77000	Grants, Benefits		133,198.6	142,529.8	152,565.1
<b>Expenditure Account</b>			<b>FY2009 Actuals</b>	<b>FY2010 Management Plan</b>	<b>FY2011 Governor</b>
		<b>Servicing Agency</b>	<b>Explanation</b>		
			<b>77000 Grants, Benefits Detail Totals</b>	<b>0.0</b>	<b>0.0</b>
77290	Medical Svcs (Tax)		0.0	0.0	152,565.1

**Restricted Revenue Detail**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

Master Account	Revenue Description	FY2010		
		FY2009 Actuals	Management Plan	FY2011 Governor
51010	Federal Receipts	0.0	0.0	82,720.6

**Detail Information**

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
57301	Title XIX Map Includes projected 4.4% increase for FY11		06338240	11100	0.0	0.0	82,720.6

**Restricted Revenue Detail**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51063	Statutory Designated Program Receipts	0.0	0.0	717.5

**Detail Information**

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
54252	Recovd Medicaid Pymt Recovery of overpayment to Medicaid providers discovered through audit.		06338240	11100	0.0	0.0	717.5

**Restricted Revenue Detail**  
**Department of Health and Social Services**

**Component:** Behavioral Health Medicaid Services (2660)  
**RDU:** Behavioral Health (483)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51118	Federal Economic Stimulus	0.0	0.0	12,652.9

**Detail Information**

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51118	Federal Economic Stimulus			11100	0.0	0.0	12,652.9