

**State of Alaska
FY2016 Governor Amended 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

Provide access to integrated behavioral health services for individuals experiencing an emotional disturbance and/or a substance use disorder.

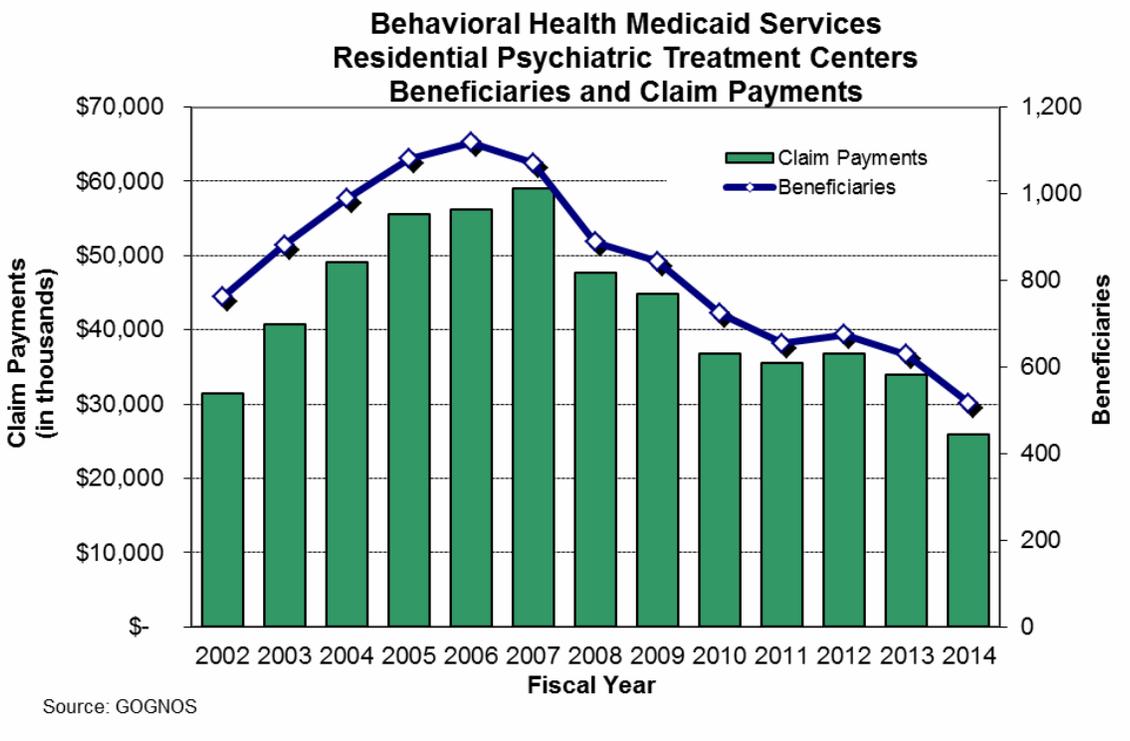
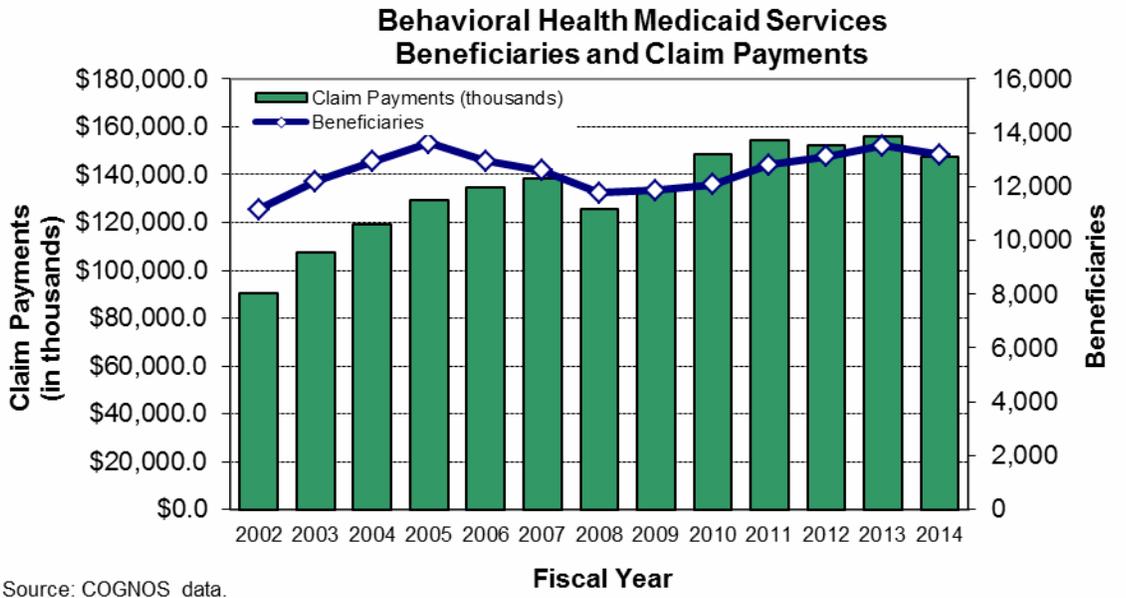
This component of Alaska Medicaid is under the programmatic oversight of the DHSS Division of Behavioral Health.

Core Services

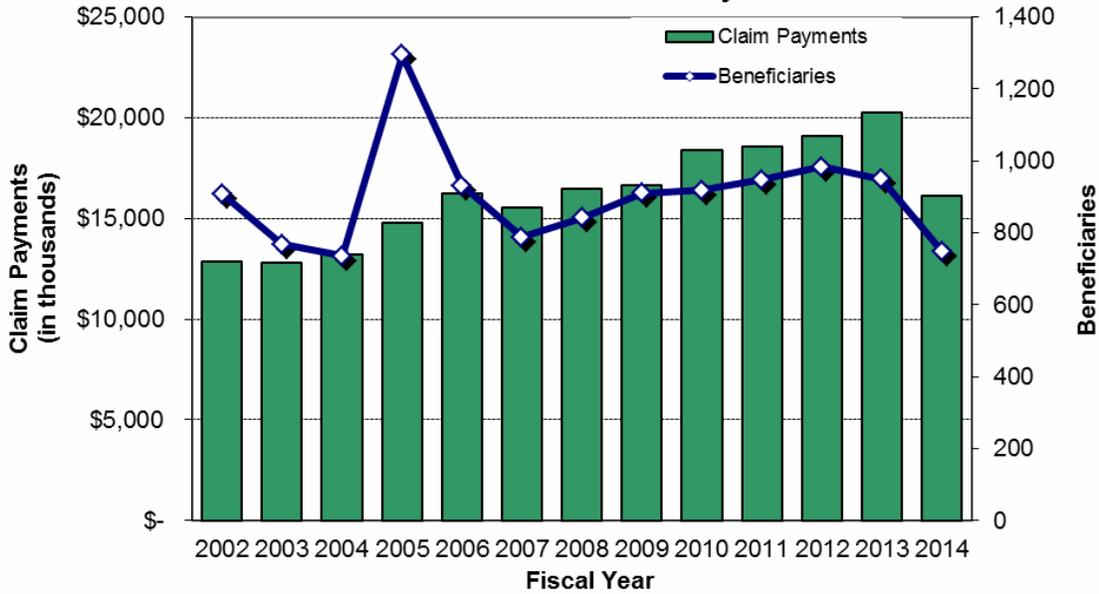
- Behavioral Health Clinic Services are provided to children and adults who have been identified through an assessment as experiencing an emotional disturbance. Services include the following: crisis intervention; family, individual, or group psychotherapy; intake and psychiatric assessment; psychological testing; and medication management. Clinic services are provided by state-approved outpatient community mental health clinics and mental health physician clinics.
- Rehabilitation Services are provided to children and adults identified through an assessment as experiencing a severe emotional disturbance, a serious mental illness, or a substance use disorder. Services include assessments, therapeutic behavioral services, comprehensive community support, peer support, recipient support services, medication management, day treatment, case management, structured residential programs, and medical services directly related to substance use and detoxification.
- Psychological 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 psycho diagnostic tests, the interpretation of results, and a written report.
- Inpatient Psychiatric Facility Services are provided to children under 21 years of age who are experiencing a severe emotional disturbance with a documented need for inpatient psychiatric hospital or residential psychiatric treatment center services. Services must be based on certification of an interdisciplinary team that the treatment needs of the patient cannot be met in a community setting; clinical information that includes diagnostic evaluation and a psychiatric evaluation; and approval.

Major Component Accomplishments in 2014

In FY2014 the Behavioral Health Medicaid component provided services to 13,197 persons at an average annual cost of \$11,183 per beneficiary. This represents a 2.4 percent decrease in the number of beneficiaries and a 2.9 percent decrease in the cost per beneficiary from FY2013 to FY2014.

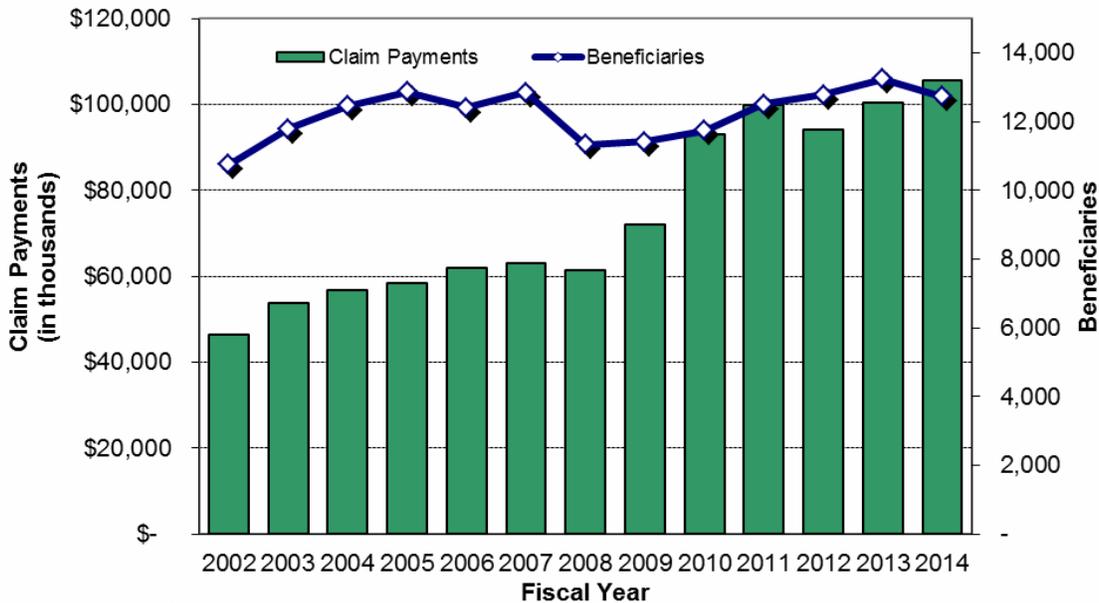


**Behavioral Health Medicaid Services
Inpatient Psychiatric Facilities
Beneficiaries and Claim Payments**



Source: COGNOS

**Behavioral Health Medicaid Services
Community Mental Health
Beneficiaries and Claim Payments**

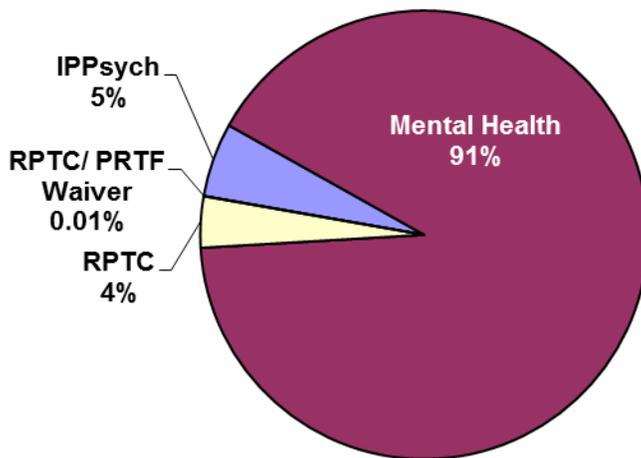


Source: GOGNOS

Behavioral Health Medicaid Services FY2014 Claim Payments by Service Category

1. The Behavioral Health Medicaid Services component funds three types of services: inpatient psychiatric hospital services, residential psychiatric treatment center services and community behavioral health services.
2. Inpatient psychiatric hospital claims account for 10.9 percent of total FY2014 Behavioral Health Medicaid claim payments. The inpatient psychiatric hospital category is comprised of psychiatric services delivered at non-state psychiatric hospitals, and at the Alaska Psychiatric Institute.
3. Residential psychiatric treatment center claims account for 17.6 percent of Behavioral Health Medicaid claim payments in FY2014.
4. The community behavioral health category is comprised of psychologist services and behavioral health clinic and rehabilitation services, and substance abuse rehabilitation services. Claims submitted for community behavioral health services account for 71.5 percent of claim payments in FY2014.
5. The Division of Behavioral Health makes every effort to ensure that reported numbers are as accurate as possible. However, due to possible defects in the new Health Enterprise MMIS claims processing system (including converted historical records) the data provided in this report is to be considered a draft and may be updated in future iterations.

**Behavioral Health Medicaid Services
FY2014 Beneficiaries by Service Category**



Source: COGNOS

Key Component Challenges

- Evaluating the feasibility of incorporating an acuity adjustment into the rate methodology applied to outpatient behavioral health services remains a challenge as no models to support this effort have been identified. A cost survey was completed in FY2014 and did not provide support for an appropriate acuity tool. The division remains committed to continuing this effort and will conduct further review of alternative payment methodologies as well as services delivered.
- Behavioral Health is continuing efforts to develop program initiatives to support integration of primary care medical services to ensure patients with behavioral health problems receive efficient and appropriate coordinated care. The current Patient Centered Medical Home project includes a requirement for integration. However, aligning systems that operate under separate administrative, professional, and funding requirements remains a challenge. Establishment of coverage through new "Federally-Qualified Community Mental Health Centers" offers additional opportunities. The division anticipates completing recommendations for Community Behavioral

Health providers by the end of FY2014.

Significant Changes in Results to be Delivered in FY2016

- While the department has been successful in decreasing out-of-state admissions to residential psychiatric treatment centers, ensuring appropriate psychiatric treatment for children with developmental disorders remains a challenge. Treatment outcomes for this population have shown improvement for those treated in specialized treatment units while the overall cost of treatment is lower than traditional services. The department continues to work to support development of a specialized unit in the state to provide specialized residential psychiatric treatment center services for this population. The program implementation has been delayed due to the efforts necessary to insure compliance with federal mandates. However it is anticipated that the program will be operational by early FY2016 and intense monitoring to evaluate effectiveness will be implemented.
- By October 1, 2015 the division will complete the transition to the use of the Diagnostic and Statistical Manual of Mental Disorders, fifth edition, and the International Classification of Diseases, tenth revision. All agencies will be required to use these most recent versions for diagnosing patients for mental disorders and for all billing and utilization review activities.
- Revisions to Community Behavioral Health regulations designed to clarify coverage requirements for behavioral health rehabilitative services as well as opioid treatment services are expected to be implemented in early 2016.

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
7 AAC 160 Medicaid Coverage and Payment

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

	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	1,601.9	1,551.9	1,551.9
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	181,416.8	191,767.5	196,567.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	183,018.7	193,319.4	198,118.9
Funding Sources:			
1002 Federal Receipts	107,548.0	119,076.8	123,876.3
1003 General Fund Match	1,518.8	1,518.8	1,518.8
1037 General Fund / Mental Health	73,638.0	70,506.3	70,506.3
1108 Statutory Designated Program Receipts	313.9	717.5	717.5
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	0.0	1,500.0	1,500.0
Funding Totals	183,018.7	193,319.4	198,118.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	107,548.0	119,076.8	123,876.3
Statutory Designated Program Receipts	51063	313.9	717.5	717.5
Restricted Total		107,861.9	119,794.3	124,593.8
Total Estimated Revenues		107,861.9	119,794.3	124,593.8

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2015 Management Plan	72,025.1	1,500.0	717.5	119,076.8	193,319.4
Proposed budget increases:					
-Medicaid Expansion	0.0	0.0	0.0	4,799.5	4,799.5
FY2016 Governor Amended	72,025.1	1,500.0	717.5	123,876.3	198,118.9

Component Detail All Funds
Department of Health and Social Services

Component: Behavioral Health Medicaid Services (AR23115) (2660)
RDU: Medicaid Services (595)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
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	1,601.9	1,551.9	1,551.9	1,551.9	1,551.9	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	181,416.8	191,767.5	191,767.5	191,767.5	196,567.0	4,799.5	2.5%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	183,018.7	193,319.4	193,319.4	193,319.4	198,118.9	4,799.5	2.5%
Fund Sources:							
1002Fed Rcpts (Fed)	107,548.0	119,076.8	119,076.8	119,076.8	123,876.3	4,799.5	4.0%
1003G/F Match (UGF)	1,518.8	1,518.8	1,518.8	1,518.8	1,518.8	0.0	0.0%
1037GF/MH (UGF)	73,638.0	70,506.3	70,506.3	70,506.3	70,506.3	0.0	0.0%
1108Stat Desig (Other)	313.9	717.5	717.5	717.5	717.5	0.0	0.0%
1180Alcohol Fd (DGF)	0.0	1,500.0	1,500.0	1,500.0	1,500.0	0.0	0.0%
Unrestricted General (UGF)	75,156.8	72,025.1	72,025.1	72,025.1	72,025.1	0.0	0.0%
Designated General (DGF)	0.0	1,500.0	1,500.0	1,500.0	1,500.0	0.0	0.0%
Other Funds	313.9	717.5	717.5	717.5	717.5	0.0	0.0%
Federal Funds	107,548.0	119,076.8	119,076.8	119,076.8	123,876.3	4,799.5	4.0%
Positions:							
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: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee												
	ConfCom	193,319.4	0.0	0.0	1,551.9	0.0	0.0	191,767.5	0.0	0	0	0
1002 Fed Rcpts		119,076.8										
1003 G/F Match		1,518.8										
1037 GF/MH		70,506.3										
1108 Stat Desig		717.5										
1180 Alcohol Fd		1,500.0										
Subtotal		193,319.4	0.0	0.0	1,551.9	0.0	0.0	191,767.5	0.0	0	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Subtotal		193,319.4	0.0	0.0	1,551.9	0.0	0.0	191,767.5	0.0	0	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
Medicaid Expansion												
	Inc	4,799.5	0.0	0.0	0.0	0.0	0.0	4,799.5	0.0	0	0	0
1002 Fed Rcpts		4,799.5										

The change request for Medicaid Expansion is calculated by multiplying the estimated number of new enrollees for FY2016 and an estimated number of per-enrollee costs of Medicaid services for the expansion population in FY2016.

Below is the breakdown for estimates of the size of the expansion population and the average cost per potential new enrollee.

1. The Expansion Population.

To estimate the number of persons newly eligible for Medicaid expansion, the study relied on information collected by the Division of Public Health through the Behavioral Risk Factor Surveillance System (BRFSS) survey for 2012 and 2013 and population estimates and projections reported by the Alaska Department of Labor and Workforce Development (ADLWD). The BRFSS survey is a statewide household survey that collects detailed demographic, household, and health-related information on Alaskans. In this survey, adult respondents are asked their age, the number of other adults living in the home, the presence and ages of any dependent children living in the home, and household income.

The primary enrollees of Medicaid expansion are working-age adults 21–64 years of age who are not caring for dependent children, are not disabled or pregnant, and are at or below 138 percent of Federal Poverty Level (FPL). This group is currently not eligible for Medicaid in Alaska. In addition, Medicaid expansion affects a small number of other adults, 19–64 years of age that do not meet current income limits for Medicaid eligibility.

Based on our analysis of the BRFSS data for 2012 and 2013, our midpoint estimate of the number of persons in the Medicaid expansion population is 41,910 for FY2016. Our lower and upper bound estimates of the expansion population are 34,833 and 48,988.

Approximately 43 percent of newly eligible adults do not have health insurance. Of those with health insurance, the most common forms of coverage are employer sponsored (19.6 percent) and partial coverage (29.3 percent). Another 3.4 percent did not know or refused to disclose if they had insurance. It is important to note that anyone with Medicare is not eligible for Medicaid through the expansion.

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

Component: Behavioral Health Medicaid Services (2660)
RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	

According to the study only 63 percent of newly eligible population will eventually enroll in Medicaid. In the study we call it the "Take up Rate". Also, only 76 percent of those that will eventually enroll in Medicaid will actually enroll in the first year of the implementation, followed by 88 percent in the second year and 100 percent in the third year of implementation. In the study we call this "Lag Rate". By multiplying estimated expansion population (41,910 individuals) by 63 percent and multiplying it again by 76 percent we get 20,066 individuals who will enroll in the first year.

2. Per-Enrollee Spending on Medicaid Services for Newly Eligible Population.

Because Alaska's Medicaid program does not currently serve the expansion population, we do not know with certainty how much expansion to the newly eligible enrollees will cost. There are, however, working-age adults enrolled in the Medicaid program who are a good proxy for the expansion population. The majority of these enrollees are enrolled through the Family Medicaid eligibility category, which is comprised of non-disabled adults who are eligible for Medicaid services due to being low income with dependent children. With the exception of having dependent children, we believe these enrollees are a good proxy for the expansion population.

Based on the analysis of data from the Department's Medicaid Budget Group, between FY2009 and FY2013, average spending per enrollee for adults in Family Medicaid grew on an average annual basis by just one percent to \$6,712 in FY2013. Over this same period, average spending per enrollee was little changed for all working-age adults (growing from \$12,282 to \$12,374). The substantial difference in average spending per enrollee is due to the fact that the overall working-age population includes individuals who are disabled or pregnant.

The estimated annual cost of Medicaid services for the expansion population varies by gender and age. For men, cost of service rises substantially from about \$3,500 per enrollees for those under 35 to just under \$7,200 for those between 55 and 64. For women, costs do not vary substantially by age, ranging from about \$7,500 for women under 35 to just under \$8,200 for women between 45 and 54.

Distribution of the Expansion Population by Gender and Age.

The study shows that this group will be mostly male (54 percent) and that about 21 percent of this group will be males between the ages of 19 and 34. This is important because this demographic group has significantly lower per-enrollee spending than all other gender-age cohorts.

We estimate that the average cost of services per newly eligible Medicaid enrollee for FY2016 will be about \$7,250, growing to \$8,400 by FY2021. Over this same period, we project that the per-person cost for currently eligible, non-disabled adult Medicaid enrollees will be several hundred dollars less each year. The difference in costs is due to the expansion population likely containing a relatively small number of persons with disabilities.

3. Estimated Costs of Medicaid Expansion.

The take-up rate (63 percent) was taken in consideration when estimating the number of new enrollees and represents the proportion of newly eligible population that will ultimately enroll through the Medicaid expansion and the lag rate represents the percent of the take-up rate that will be achieved that year. Both the take-up and lag rate are from the 2014 study conducted by the Lewin Group for the State of Alaska. The Lewin assumption of the take-up rate is consistent with the few studies we are aware of that were conducted prior to the CY2014 expansion.

According to a study conducted in 2012 by the Kaiser Family Foundation, Medicaid participation rates in the Health Insurance Policy Simulation Model (HIPSM) average 60.5 percent among newly eligible people. Similarly, in 2012 Sommers et al estimated that Medicaid participation averaged 62.6 percent among eligible adults without private insurance, with state-level estimates ranging from 43 percent to but modified from calendar year to fiscal year.

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

Component: Behavioral Health Medicaid Services (2660)
RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<p>Based on the results of this study, the estimated number of newly eligible population that will enroll in FY2016 is 20,066 enrollees. The average cost per newly eligible enrollee is estimated to be \$7,248. By multiplying the number of enrollees and the average cost per enrollee it results in \$145,438.4 of the total funds needed for Medicaid Expansion in FY2016. Since in the first years of implementation of the Expansion the spending for the newly eligible population are going to be reimbursed by Federal government at 100 percent match rate, all the funds in this request are federal funds.</p> <p>Based on recent historical spending patterns by the proxy group, that mostly consists of current Medicaid enrollees in Family Medicaid, 3.3 percent of the spending or \$4,799.5 will be used by newly eligible enrollees through Behavioral Health related services.</p>												
	Totals	198,118.9	0.0	0.0	1,551.9	0.0	0.0	196,567.0	0.0	0	0	0

Line Item Detail
Department of Health and Social Services
Services

Component: Behavioral Health Medicaid Services (2660)
RDU: Medicaid Services (595)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services		1,601.9	1,551.9	1,551.9
Expenditure Account			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
	Servicing Agency	Explanation			
73000 Services Detail Totals			1,601.9	1,551.9	1,551.9
73750	Other Services (Non IA Svcs)		1,601.9	0.0	0.0
73753	Program Mgmt/Consult		0.0	1,551.9	1,551.9

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

Component: Behavioral Health Medicaid Services (2660)
RDU: Medicaid Services (595)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
77000	Grants, Benefits		181,416.8	191,767.5	196,567.0
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
77000 Grants, Benefits Detail Totals			181,416.8	191,767.5	196,567.0
77670	Benefits	Payments for behavioral health services for Medicaid clients, including the clients who will be newly eligible through Medicaid expansion.	181,416.8	191,767.5	196,567.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Behavioral Health Medicaid Services (2660)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51010	Federal Receipts				107,548.0	119,076.8	123,876.3
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51010	Federal Receipts		06338240	11100	0.0	119,076.8	123,876.3
	Medicaid Federal Collections- The bulk of the federal funding for the Medicaid benefits comes from claims reimbursed at the federal medical assistance percentage of FMAP. Additional Medicaid funds sources are IHS (Indian Health Services) at 100% FMAP for specific programs. Actual collections are based on the proportion of the expenditures eligible for each type of federal reimbursement.						
57301	Title XIX Map				106,223.6	0.0	0.0
57302	Title Xix Map Admin				1,193.7	0.0	0.0
57370	Title Ive Non Vol Fc				64.1	0.0	0.0
57590	Fed Projects- Health				66.6	0.0	0.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Behavioral Health Medicaid Services (2660)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51063	Statutory Designated Program Receipts				313.9	717.5	717.5
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51063	Stat Desig Prog Rec Recovery of Overpayments to Medicaid providers discovered through audit		06338240	11100	0.0	717.5	717.5
54252	Recovd Medicaid Pymt				313.9	0.0	0.0