

Change Record Detail with Description (285)
Department of Health and Social Services

Scenario: FY2015 Supplemental (12199)
Component: Foster Care Base Rate (AR 23225) (2236)
RDU: Children's Services (486)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
FY2015 Supplemental												
Growing Number of Children in Foster Care												
	Suppl	2,300.0	0.0	0.0	0.0	0.0	0.0	2,300.0	0.0	0	0	0
1005 GF/Prgm		2,300.0										
<p>The growing number of children in care has contributed to the increase of collection in both child support and Social Security Income (SSI). HB126 increased the age children are allowed to stay in care, from 20 to 21, and also added the ability for children between 16-21 years of age who were released from foster care to voluntarily re-enter care.</p> <p>In addition, the increase in general fund program receipt (GF/PR) collections is a direct result from the collaborating efforts between agencies and the work done by experienced staff reviewing and processing SSI payments.</p> <p>A \$2,600.0 increase is included in the FY2016 Work in Progress budget.</p> <p>FY2012 GF/PR collections: \$2,701.6 FY2013 GF/PR collections: \$3,143.7, a 16.3 percent increase over FY2012 FY2014 GF/PR collections: \$5,126.1, a 63.1 percent increase over FY2013</p> <p>FY2015 GF/PR projections: \$5,300.0, or \$2,300.0 above the current FY2015 appropriation FY2016 GF/PR projections: \$5,600.0, or \$2,600.0 above the current FY2015 appropriation</p>												
Component Totals		2,300.0	0.0	0.0	0.0	0.0	0.0	2,300.0	0.0	0	0	0

Change Record Detail With Description
Department of Health and Social Services

Scenario: FY2015 Supplemental (12199)
Component: Foster Care Special Need (AR 23235) (2238)
RDU: Children's Services (486)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Growing Number of Children in Foster Care												
	Suppl	950.0	0.0	0.0	0.0	0.0	0.0	950.0	0.0	0	0	0
1004 Gen Fund		950.0										
<p>The growing number of children in care has contributed to an increased need in special needs services. Additional grant funds are needed so the children in state custody, as mandated by statute, receive funding for obligations that fall outside of monthly reimbursed rates.</p> <p>It is a continuing challenge to keep pace with increased needs and increased cost for the varying needs of children and families. Federal requirements for visitation between children in custody and family members must be adhered to, thus, increasing travel costs particularly in the rural areas of the state.</p> <p>The number of children in care is expected to increase by 20 percent in FY2015 compared to FY2014.</p> <p>All Children in Alaska OCS Out-of-home placement: November 2012 - 1,984 November 2013 - 2,083 November 2014 - 2,412 Projected November 2015 - 2,894</p> <p>The impact of this supplemental is being considered for a FY2016 budget amendment.</p>												
Component Totals		950.0	0.0	0.0	0.0	0.0	0.0	950.0	0.0	0	0	0

Change Record Detail With Description
Department of Health and Social Services

Scenario: FY2015 Supplemental (12199)
Component: Subsidized Adoptions & Guardianship (AR 23240) (1962)
RDU: Children's Services (486)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Growing Number of Children in Subsidized Adoptions and Guardianship												
	Suppl	3,400.0	0.0	0.0	0.0	0.0	0.0	3,400.0	0.0	0	0	0
1002 Fed Rcpts		1,700.0										
1003 G/F Match		1,700.0										

Due to the steady increase in the number of subsidized adoptions and guardianships and increased rates associated with each subsidy, the current budget does not meet the anticipated expenditures for this program.

This supplemental will provide funding to cover both the increased numbers of subsidized adoptions and guardianships as well as increased rates paid for children entering into a subsidized adoption or guardianship.

The subsidized adoption and guardianship program facilitates permanent placements in adoptive and guardianship homes for an increasing number of children in custody whose special needs make them hard to place. Adoption and guardianship is considered for children who cannot return to their parents. The cost associated with maintaining the subsidized adoption and guardianship program has increased by \$7.0 million or 32 percent since FY2009.

At the end of FY2014, 3,074 children were living in permanent homes assisted through subsidized adoptions and guardianships. The program has experienced steady growth each year for more than ten years. Since FY2009 the number of subsidized adoptions and guardianships has steadily increased at a rate of 3.9 percent annually. Since FY2009 the expenditures have increased at a rate of seven percent annually. Office of Children's Services (OCS) receives an estimated 50 percent federal reimbursement for this program.

While it is difficult to point to one definitive reason for the growth, we do see elements that appear to be growing trends. Some of those contributing factors: annual rate of children in out of home placement is growing, the special needs of many of these children are more complex in nature, many of the families require the maximum amount allowable based on the child's needs, and the rising cost of treatment services.

Additionally, OCS increased foster care rates twice in recent years; in July 2008 and again in July 2013, following a lawsuit. In addition to the change in basic foster care rates, in July 2013 a significant increase was made to the augmented care rates. Augmented care rates provide additional assistance to families caring for children with needs for a higher level of care due to special needs. Subsidized adoption and guardianship rates are tied to the current foster care rate. Therefore, the increase in foster care rate affects the subsidy expenditures.

With the increase in the rate of foster care placements because of the increase of children requiring out of home placement, it is anticipated that the need for subsidized adoptions and guardianships will also continue to increase.

If this is not funded the Office of Children's Services will not be able to fully fund permanent placements through adoptive or guardianship homes for the increasing number of children in state custody for whom special needs make them hard to place. Adoption is viewed as the most permanent placement for a child and is, therefore, the preferable option. This also would affect the division's ability to fund guardianships, which are considered for children who cannot be placed for adoption but for whom a reasonably permanent home can be provided through guardianship. This is often the best choice for children who cannot live with their parents but who continue to maintain an important emotional tie with their families that should not be severed.

The impact of this supplemental is being considered for a FY2016 budget amendment.

Change Record Detail With Description
Department of Health and Social Services

Scenario: FY2015 Supplemental (12199)
Component: Subsidized Adoptions & Guardianship (AR 23240) (1962)
RDU: Children's Services (486)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Component Totals		3,400.0	0.0	0.0	0.0	0.0	0.0	3,400.0	0.0	0	0	0

Change Record Detail With Description
Department of Health and Social Services

Scenario: FY2015 Supplemental (12199)
Component: Health Care Medicaid Services (AR 23301) (2077)
RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Medicaid Advanced Provider Payments												
	Suppl	92,000.0	0.0	0.0	0.0	0.0	0.0	92,000.0	0.0	0	0	0
1004 Gen Fund		92,000.0										

On October 1, 2013, the State of Alaska transitioned to a new Medicaid Management Information System (MMIS), Enterprise, which is managed by Xerox. The new system is designed to process and pay claims submitted from Medicaid providers.

Due to multiple system defects, in the early stage of implementation, some portion of the claims submitted for Medicaid services rendered were being denied or placed in a suspended status, rather than being paid. This caused significant financial hardship for providers, threatening the solubility of smaller provider agencies and jeopardizing continued availability of healthcare services to Medicaid eligible clients statewide. The division of Health Care Services (HCS) developed criteria for eligible providers to request advances to ensure continued access to health care services for Alaska residents and to offset the adverse financial impact created by the MMIS system conversion. This eventually resulted in general fund advances to approximately 800 Medicaid providers during FY2014 because system defects and claim processing issues prevented processing and payment of claims for services.

At the end of FY2014 the department recognized the \$130 million of advance payments to providers as expenditures and, after obtaining approval from the Centers for Medicare and Medicaid, manually assigned financial coding with either 50 percent or 100 percent federal match rate and not in excess of the recorded advance payments previously issued to the providers.

After the fact, Legislative Audit determined the advance payments could not be recognized as expenditures and therefore were not in fact eligible for a federal match. Legislative Audit required the department to re-consolidate and re-record the FY2014 advance payments against the component's FY2015 general funds. (Despite approval from the Centers of Medicare and Medicaid Services on the manual adjudicated claims process implemented by DHSS, Legislative Audit asserts the claims were not priced or determined eligible by the Medicaid rules, but rather were based on billed amounts in suspended claims, and allocated to accounting structures with a federal match based on prior year expenditure trends.)

The re-recording of these FY2014 advance payments against the FY2015 budget's general funds resulted in a decrease of overall expenditures for FY2014 from \$1,457,645.5 to \$1,326,760.1 and a general fund lapse of \$118,313.0. Pushing payments forward to the current fiscal year has increased the overall FY2015 projected expenditures from \$1,563,731.5 to \$1,694,616.9 and generated a projected general fund shortfall of approximately \$92,000.0.

The department is unable to manage within its existing Medicaid program resources because the Enterprise system defects had not yet been quantified during the fall 2013 preparation of FY2015 budget. Lack of timely and complete corrective action by Xerox to deploy fixes and/or reprocess incorrectly suspended and denied claims continue to contribute to problems with quantifying financial needs.

If the request is not funded, the Medicaid program is projected to run out of general funds in approximately May of 2015, and thereafter, and all claims submitted through the end of FY2015 will not be paid.

This is a one-time change request.

Component Totals		92,000.0	0.0	0.0	0.0	0.0	0.0	92,000.0	0.0	0	0	0
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Change Record Detail With Description
Department of Health and Social Services

Scenario: FY2015 Supplemental (12199)
Component: Health Care Medicaid Services (AR 23301) (2077)
RDU: Medicaid Services (595)

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