

Alaska Commission on Aging



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER


Department of
Health and Social Services

ALASKA COMMISSION ON AGING

P.O. Box 110693
Juneau, Alaska 99811-0693
Main: 907.465.3250
Fax: 907.465.1398

Memorandum

To: Chairman Russ Webb and Alaska Mental Health Trust Authority Trustees

From: Denise Daniello, ACoA Executive Director 

Date: August 14, 2015

Re: SFY17 Request for Recommendations

The Alaska Commission on Aging (ACoA) appreciates the opportunity to provide information and recommendations to the Alaska Mental Health Trust Authority for consideration regarding SFY17 operating budget and policy actions for essential services and supports to Senior Trust beneficiaries and other vulnerable older Alaskans. In order to address the budget deficit due to falling oil revenues, Governor Walker directed the Office of Management and Budget (OMB) to pursue a 25% reduction in the State's budget over the next four years (January 2015). A 9.2% reduction has already been included in the SFY16 budget from the SFY15 management plan and it is reasonable to expect future budget cuts.

To the greatest extent possible, ACoA recommends preserving funding for the safety net services providing supports for Senior Trust beneficiaries and other older Alaskans at risk in order to assist them with maintaining health, safety, dignity and the ability to live in their communities of choice as many depend on these programs. These core services save money over the long-term in reducing the need for higher cost services including hospitalizations and skilled nursing care as well as personal loss of independence, increased depression, and a reduced quality of life. The 60+ population, the fastest growing age demographic in the state, grew at an average annual rate of 6.7% during the period 2010 through 2014. Even with no reductions in funding for senior services, the amount of funding per senior will continue to decline because of the increasing numbers of seniors in need of services and rising costs to provide them.

Based on the findings from the needs assessment activities conducted for the Alaska State Plan for Senior Services, FY2016-2019, ACoA has identified the following as critical safety net services for seniors: Alaska Senior Benefits Payment Assistance Program, the core senior grant-funded programs (Nutrition, Transportation & Support Services; Adult Day; Senior In-Home; and Family Caregiver Support Services), and Elder Protection. The Alaska Pioneer Homes, providing specialized care for Senior Trust Beneficiaries with advanced dementia, may also be subject to further cost savings measures. The Pioneer Homes were one of three state-funded services identified as a "low priority" by participants attending the Governor's "Building a Sustainable Future" event held in Fairbanks in June. The Pioneer Homes are part of the State's continuum of care for Senior Trust Beneficiaries with advanced dementia and difficult behaviors that often results from co-occurring anxiety and depression.

Funding for the Senior Outreach Assessment Referral (SOAR) program, administered by the Division of Behavioral Health (DBH), was zeroed out in the SFY16 budget plan. The SOAR program, the one and only behavioral health program targeting seniors, provides gatekeeper training and referral services to public members who have regular interactions with seniors to identify the signs when an older person may be in need of behavioral health intervention or is subject to elder abuse. The program also provides case management and referral services.

Three grantees provide SOAR services statewide. The Commission is working with DBH to possibly reorganize the program to salvage SOAR's essential services for seniors.

Nationally, Alaska stands out as having an excellent long-term care program. In 2014, AARP published a scorecard of state performance in long-term services and supports. Alaska ranked fifth highest in the nation in having one of the most balanced programs that provides an array of home- and community-based alternatives, consumer directed services, and residential programs. Our continuum of care promotes health and wellness, personal dignity, and provides a significant savings to the state from premature institutional placement. We are concerned that an erosion of funding to the base budget for these services will result in fewer vulnerable Alaskans, including Senior Trust Beneficiaries, having access to critical services over the long-term that may impact their health and welfare and place greater demand on Medicaid spending.

Alaska Senior Demographics: Alaska continues to be the state with the fastest-growing senior population with a 61.7% increase in the age 65 and older population between 2003 through 2013, which is more than 2.5 times the national growth rate of 24.7% (Administration on Community Living: A Profile of Older Americans, 2014). Alaska's total senior population is expected to grow very rapidly in the next 15 years because of the size of the baby boomer population as well as historical trends in migration and longevity. In 2014, there were approximately 115,280 Alaskans age 60 and over, with 71,080 of them age 65+ (Alaska Department of Labor and Workforce Development, Research and Analysis 2014). The population of seniors age 85 and older, persons most at risk for Alzheimer's disease and related dementia and other chronic health conditions, will increase even more dramatically at the same time growing at an average rate of 15% annually over the next forty years. In 2014, there were 5,860 Alaskans age 85 and older. The continuum of senior services, especially home- and community-based services as well as long-term care, is especially significant for the older segment of the senior population.

The number of Alaskans age 65 and older with Alzheimer's disease is projected to grow from 6,100 in 2014 to 11,000 in 2025, almost doubling over the next ten years. This estimate does not include the number of seniors with related forms of dementia, persons with early onset Alzheimer's, and a growing number of individuals with Intellectual and Developmental Disabilities who are an increased risk for Alzheimer's (Alaska's Roadmap to Address Alzheimer's Disease and Related Dementias, 2014).

Summary of Findings from Statewide Needs Assessment Activities: In preparation for the Alaska State Plan for Senior Services, SFY16-SFY19, the Commission conducted a Senior Survey (2,280 respondents age 55 years and older), Senior Provider Survey (85 provider respondents), and Elder-Senior Listening Sessions (128 public members) to establish the foundation for the new State Plan. ACoA used the findings from the State Plan's needs assessment activities to identify the core/essential services for Senior Trust beneficiaries and other vulnerable older Alaskans at risk.

Elder-Senior Listening Sessions: Six Elder-Senior Listening Sessions were held statewide, with meetings held in Copper Center (September 2013), Juneau (February 2014), two meetings in Fairbanks with one focused on Alaska Native Elder issues (September 2014), Homer (October 2014), and Anchorage (December 2014). The meeting agendas included a discussion of senior demographics, the array of services provided for seniors, senior housing, elder safety, and information about senior health indicators that was followed by facilitated discussion on local priorities. Interactive polling was available for participants in order to survey their opinions in four of the six listening forums. During all of the listening sessions, participants were led through a prioritization process to identify "what's working well" and "what needs improvement" for senior services in their respective communities.

Seniors and other public members value senior centers. The majority of forum participants identified senior centers as "working well" in their communities. Senior centers connect older adults with services that help them stay healthy and independent and provide a hub for social engagement. The participants identified concern

about financial security for seniors in addition to the availability of senior housing and the continuum of services offered in their communities. When asked to identify the biggest gap in senior services, participants identified the limited availability of senior housing (39%), services for older people with dementia and their caregivers (24%), and senior recreational opportunities (13%).

Elder abuse was reported frequently by participants of the Elder-Senior Listening Sessions as a serious problem for seniors. Almost half of the participants (48%) reported either personally experiencing elder abuse or knew someone who had. Financial exploitation (69% of the participants) was the most reported type of abuse noticed followed by emotional abuse (20% of participants).

Alaska Senior Survey: The typical senior survey respondent has lived in Alaska for a long time. More than 70% reported living in-state for more than 30 years with only 2.9% living in Alaska for less than five years. Based on the survey findings, senior respondents identified access to health care as their most pressing concern (93.7% of respondents) facing older Alaskans today (which was also the #1 concern identified in the 2010 Senior Survey), followed by financial security (defined as having enough money to meet monthly household expenses – 84% of respondents), and access to affordable and accessible senior housing (76% of respondents). Programs and services for seniors were top concerns as well, including the availability of in-home services (64%), programs to help prevent elder abuse and exploitation (64%), and services to help seniors with dementia and their families (61%). Transportation (57%), information about programs and services (54%), and assisted living (53%) were other important issues identified by respondents.

Although the majority of senior respondents noted that they do not use services, the top five services most frequently used by respondents included use of the (1) senior center (59% reported regular visits to the senior center), (2) the Medicare Information Office, (3) congregate meals, (4) senior transportation, and (5) education/training about Alzheimer's disease.

Senior Provider Survey: The Senior Provider Survey identified many of the same priority issues for seniors that were highlighted by respondents to the senior survey that include access to health care, financial security, and access to affordable/accessible senior housing in addition to in-home services and respite for caregivers. Provider respondents were asked about the elements of the continuum of care for seniors that are missing or inadequate to meet the needs of seniors in the communities they serve. The most frequent responses included assisted living for seniors with dementia and mental illness (53.1%), followed by transportation (47%), chore/homemaker services (47%), and public transportation (46%).

Provider respondents were also asked about the types and amounts of services they provide for seniors and their projections of service needs over the next five years. Compared to the number of seniors served five years ago, 61.5% of the providers stated they are currently serving more clients with 34.6% reporting serving significantly more seniors (an increase of more than ten percent), while 23.5% said they are serving about the same number of senior clients. Only six programs (7.4%) said that they are serving somewhat fewer clients and seven (8.6%) are serving significantly fewer clients.

Looking ahead five years from now, 77% of the provider respondents (or three out of every four programs) expect to be serving more clients with almost 40% anticipating that they will serve significantly more seniors over the next five years as the senior population continues to surge. Eighteen percent of the provider respondents expect to serve about the same number of seniors they serve today and less than 5% of the provider respondents anticipate serving fewer seniors. A trend towards decreased government funding was the main reason providers foresee serving fewer clients as well as difficulty finding and maintaining a service workforce. Few providers noted that their client counts would drop because of seniors leaving the area.

Overview of SFY16-SFY17 Operating Budget Impacts for Essential Services for Senior Trust Beneficiaries

Alaska Senior Benefits Program, Division of Public Assistance: Based on the findings from the senior survey, many older Alaskans struggle with financial security. Only 40.8% of Alaska senior respondents reported having enough income to meet all their monthly expenses. Another 43.7% of respondents said they have enough to cover monthly living expenses but very little left over for anything extra, especially to pay for an unexpected emergency expense. Almost 15% reported not having sufficient income to pay for their monthly living expenses “some” or “all of the time.” Financial assistance provided by Senior Benefits, disability payments, Adult Public Assistance, Food Stamps, and rent subsidy accounted for close to 43% of the senior income sources based on the senior survey responses.

The Alaska Senior Benefits Program, enacted in SFY07 and reauthorized in SFY11 and SFY14, provides tiered monthly cash assistance to more than 11,000 seniors age 65 and older with household income up to 175% federal poverty level to help pay for food, heating, prescription medications, housing, and transportation. Monthly cash payments of \$125, \$175, and \$250 are provided to eligible recipients depending on household income that correspond to 175 percent, 100 percent, and 75 percent of the federal poverty level (FPL) for Alaska, respectively based on gross annual income. Assets, such as savings, are not counted for eligibility. The average age for recipients is 75 years old however, many recipients range in age from 75 to over 100 years old. The majority of Senior Benefit recipients are women. Statewide fewer than one in six seniors (15.8%) participates in the Senior Benefits program. According to the March 2015 Senior Benefits Fact Statement prepared by the Division of Public Assistance, there are 5,108 seniors at the 75% FPL (45.5% of Senior Benefit recipients), 4,668 seniors at the 100% FPL (41.6% of Senior Benefit recipients), and 1,442 seniors at the 175% FPL (12.9% of Senior Benefit recipients) for a total of 11,218 seniors receiving Senior Benefits.

The SFY2016 budget for the Senior Benefits program is \$20,024.8 GF, reduced by a total of \$3,065,700 GF from SFY15 expenditures (Division of Public Assistance, July 2015). The SFY16 budget will see a reduction in the two lowest benefit payment categories by as much as 20% (from \$125 month to \$100/month and \$175 month to \$140 month). The Division of Public Assistance (DPA) does not anticipate any change to the lowest benefit payment category at this time (\$250 month). For people on a fixed income \$25 to \$35 can make the difference between buying canned or fresh fruits and vegetables, taking medications in the prescribed amounts, and keeping the thermostat at a comfortable level. DPA estimates nearly 9,800 seniors will be affected by this cut in SFY16. The Senior Benefits program has a positive impact on Senior Trust Beneficiaries and other indigent seniors in their ability to maintain their health and well-being which has a positive impact on the communities where they live and helps to ease the pressure on providers for services.

The Division of Public Assistance (DPA) has released an emergency regulation package to amend the regulations governing Senior Benefits to put an effect through date on the regulations. The existing regulations expired on June 30, 2015. Through the standard regulations process, the proposed Senior Benefits regulations is expected to include language that describes how benefit adjustments will be made when appropriations are insufficient to meet demand and how benefits would be ended in the event that funding is not appropriated to continue the program. For SFY16, DPA is planning to implement a maximum 20% reduction in payments beginning in January 2016 through the fiscal year, although the exact percentage of the reduction is not known at this time. DPA is concerned that if the same number of seniors apply for the program as in SFY15, there may be a funding shortfall and further adjustments will be needed for benefit payments. On average, 300 new seniors enroll in the Senior Benefits every year due to the growth of the senior population. The Senior Benefits program is scheduled to sunset in SFY18.

Proposals to Achieve Sustainability: DPA is considering three strategies to achieve sustainability for the Senior Benefits program.

- **Require Citizenship:** Currently, the Senior Benefits program does not require proof of U.S. citizenship, a requirement for all other public assistance programs. DPA estimates that at least 100 Senior Benefit recipients currently receiving benefits are not U.S. citizens. The projected cost avoidance savings from a citizenship requirement could be \$120,000 annually based on the lowest amount of monthly payment assistance or \$100 (\$100 monthly payment X 12 months X 100 non-citizen recipients). Certain safeguards could be implemented to protect senior recipients who are required to live in another location due to medical reasons. This proposal would require a statute change.
- **Require Public Assistance Categorical Eligibility:** More than half of the Senior Benefit recipients also receive other forms of assistance such as Supplemental Social Security Income, Adult Public Assistance, and Food Stamps. Eligibility for Senior Benefits could be restricted to those who are categorically eligible for other needs-based programs which could reduce the Senior Benefits service population by approximately 20% to 30% and focus resources to those most in economic need. This proposal ties eligibility for Senior Benefits to an individual's receipt of benefits from another need-based assistance program. Based on the upper income category of \$100 monthly payment, this proposal could result in annual savings between \$2,754,000 (2,295 or 20% of recipients X \$100 amended monthly payment amount X 12 months) to \$4,131,600 (3,443 or 30% of recipients X \$100 amended month payment amount X 12 months), providing an estimated 14% to 21% annual program savings based on the SFY16 management plan. This proposal would also require a statute change.
- **Impose a Cap:** DPA could cap the number of Senior Benefit recipients receiving payment assistance based on the annual appropriation. Unlike the first two proposals, this strategy would only require a change in regulations.

Core Senior Grant-Funded Services, Division of Senior & Disabilities Services: Based on senior survey responses, the most important services for seniors' quality of life reflect similar responses to their top concerns (access to health care and financial security) and also their desire to remain in their own homes for as long as possible. Access to home- and community-based services (meals and transportation), personal care services, and programs that help people with dementia were among the top important services recognized in the surveys. Based on the needs assessment findings, ACoA has identified Nutrition, Transportation, Support Services; Adult Day; Family Caregiver Support Services; and Senior In-Home Services as "core safety net services" for Senior Trust Beneficiaries and other vulnerable older Alaskans at risk. These services are administered by the Division of Senior & Disabilities Services.

Senior grant-funded services offer low-cost, long-term supports for older Alaskans, including persons with Alzheimer's disease and related dementias and other vulnerable seniors who do not qualify for Medicaid waiver services, that help to reduce the need for higher cost care and allow an older person to maintain their health, safety and independence so that they may live longer in the community. Seniors who utilize these services also include those who are transitioning off the waiver, recovering from a hospital stay, or moving out of the nursing home/assisted living home back into the community. In addition, the core senior grant-funded services provide supports for families and other informal caregivers to care for their elderly loved ones at home by providing respite, training, counseling, and other supplemental supports that help caregivers provide care longer at home, deferring higher cost care.

The SFY16 operating budget for senior grant funded services was reduced by a total of \$33,600 by the Legislature and will be applied to Senior In-Home Services, Adult Day, the ADRD Education and Support Program, and the Traumatic-Acquired Brain Injury (TABI) grant programs. SDS plans to implement an additional SFY16 funding

reduction in the amount of \$250,000 to adjust the GF funds that have been used to compensate for the loss of federal funds for senior programs over the years including the Family Caregiver Support program; Health Promotion, Disease Prevention program; the Nursing Facility Transition Program; and the Aging and Disabilities Resource Centers. On a positive note, approximately \$130,000 additional federal funds through the federal Nutrition Supplemental Incentive Program (NSIP) are expected that is the result of the increasing number of senior meals provided for Alaska seniors and will be used to help offset the reductions in State GF for senior meals (SDS Senior Grants Unit, July 2015). The NSIP program provides a federal reimbursement of \$0.55 for each senior meal.

The proposed GF reductions will be applied to the following senior grant funded services identified by ACoA as “essential safety net services” based on needs activities for the State Plan for Senior Services, SFY16-SFY19. The projected number of seniors to be impacted by SFY16 reductions is based on the cost to provide services per recipient and available funding. (Additional reductions will be made to other programs administered by SDS Senior Grants Unit to achieve the \$250,000 savings.)

Program Type	SFY15 GF Appropriation	SFY16 GF Reduction from Legislature	SDS GF Adjustment to Account for Reduced Federal Allocation	Total GF Reduction by Program	SFY16 Total GF Budget by Program	Number of SFY14 Clients Served	Estimated Annual GF Cost Per Recipient	Possible Number of Seniors Impacted in SFY16
Nutrition, Transportation, & Support Services	\$2,456,140	\$0	\$59,882	\$59,882	\$2,396,258	11,719	\$549/recipient	109
Adult Day	\$1,757,011	\$8,400	\$27,121	\$35,521	\$1,721,490	416 (275 w/ADRD)	\$4,224/recipient	8
Family Caregiver Support Program	\$302,394	\$0	\$23,271	\$23,271	\$279,123	1,118 (538 w/ADRD)	\$918/recipient	25
Senior In-Home Services	\$2,907,265	\$8,400	\$46,997	\$55,397	\$2,851,868	1,528 (356 w/ADRD)	\$1,909/recipient	29

Nutrition, Transportation & Support Services (NTS): NTS services help a growing number of older Alaskans to “age in place” and remain in their homes and communities even as their health and functioning decline. These services target the most vulnerable elderly, many of whom are home-bound. NTS services include congregate meals, home-delivered meals, transportation, and homemaker services for Alaskans age 60 years and older. The NTS program is the largest senior grant-funded program administered by Senior and Disabilities Services for older Alaskans. In SFY2014, 11,719 seniors (unduplicated count) received NTS services, an increase of almost 500 seniors from the previous year (11,238) (Senior and Disabilities Services, July 2015). Many NTS recipients are low income (40% have incomes that fall below the federal poverty level), reside in rural communities (73%), live alone (43%), and are non-white (40%). NTS services serve a significant number of older Alaskans at risk for nursing home admission including those of advanced age (4,363), who live alone with limited caregiver support (3,769), and have two or more functional limitations with activities of daily living (1,133 seniors receiving home-delivered meals and homemaker services). In SFY15, there were 32 NTS providers statewide.

In SFY2014, the NTS program provided:

- Congregate meals to 7,579 seniors at senior centers, adult day programs, and other group settings of whom 41% are low income and 32% live alone;
- Home-delivered meals to 3,359 seniors that include a social visit and welfare check. Of those receiving services, 30% had two or more limitations with activities of daily living, 62% were low-income, 59% were rural residents, and 63% live alone.
- Assisted transportation to 1,482 seniors that provided door-to-door service for those unable to use public transportation. Almost half (47%) of NTS seniors receiving rides are low-income and live alone.
- Homemaker services to 267 seniors providing assistance with preparing meals, shopping, & household chores. More than one-third of these recipients (35%) have two or more limitations with daily living and 63% live alone.

NTS Potential Budget Impacts: Based on the SFY16 GF reduced budget for NTS (\$6,377,666) and the average annual cost per senior recipient of \$549, an estimated 109 seniors may be affected by reduced NTS funding. In June 2015, the Salvation Army reported a waitlist of 45 seniors for home-delivered meals.

Seniors with ADRD who live in the community and do not qualify for waiver or PCA services depend on the NTS senior grant-funded services. An estimated 15% of older adults living in the community with at least one limitation in a daily activity have a cognitive disability such as Alzheimer's disease (Johnson and Weiner 2006). Senior centers and other NTS providers may adjust for this grant reduction by combining a number of strategies that could include serving fewer seniors, reducing the number of days providing services, capping the amount of services provided, increasing fundraising efforts, and increasing fees for services. We anticipate that senior centers with small budgets and low economies of scale will be particularly vulnerable to funding reductions which may affect the quality of services provided, the number of seniors served, and efforts to recruit and retain program staff.

The annual cost for a senior to receive NTS services (\$549 year) is less than one day in a hospital (\$2,092 average daily rate) and nursing home (\$660 average daily rate) (Governing States and Localities 2015 and Genworth Financial 2014). Home-delivered meals, for example, provide nutrition (at least one-third of the recommended daily allowance for older adults), a "safety check" on the health and welfare of the recipient, companionship, and support for the family caregiver. Research conducted by Health Services and Educational Trust 2013 found that for every additional \$25 states spend on home-delivered meals annually, per person age 65 years and older living in the state, there is a 1% reduction in the number of older persons with low-care needs admitted to the nursing home.

Adult Day Services: Adult Day Services provide cost-effective community care in an interactive, safe, and structured environment for persons with ADRD, as well as those with physical, emotional, and/or other cognitive impairments. Services include assistance with personal care in addition to age-appropriate exercises, games, crafts, recreational outings, and lunch/snacks. Adult Day also provides caregiver support, education, and respite for family and other informal caregivers. Working family and other informal caregivers depend on Adult Day to provide supervised care for their elderly loved ones while they are at work. There are 13 adult day programs in Alaska. Adult Day programs served a total of 416 clients in SFY14, of whom 275 (66%) have ADRD, which is a decrease of 18 clients overall from SFY13.

According to interviews with adult day grantees, an increasing number of seniors are entering adult day programs with higher levels of acuity, more advanced levels of dementia, and presentation of challenging behaviors. Providers are concerned about the case mix of program participants with varying levels of abilities, acuity, and challenging behaviors. Many foresee serving higher numbers of seniors over the next ten years with

greater levels of acuity. Providers are concerned that their capacity to serve additional seniors will be limited by their facilities, staff, and operational funding.

Potential Budget Impacts: Based on the SFY15 average annual cost per adult day participant (\$4,224) and the SFY16 operating budget for Adult Day (\$1,721,490), an estimated 8 seniors may be negatively impacted by the reduction in GF funds. Providers report no waitlist for services at this time (SDS 2015).

Family Caregiver Support Services: Families and informal caregivers are the backbone of Alaska's long-term support system. They provide 80% of the in-home care for seniors and comprise a rapidly growing component of our health care system. In comparison to caregivers of other older people, caregivers of persons with dementia typically experience more stress as they provide more intensive services, including supervision and personal care. They assist the person with dementia in all daily activities including eating, getting out of bed, and using the toilet. The Family Caregiver Support Program provides training, respite, care coordination, and other supports to assist families in the care of their elderly loved ones at home and grandparents raising at-risk grandchildren. These services help to keep caregivers strong and delay the need for costly institutional care.

In SFY14, there were nine providers statewide who served 1,118 caregivers of whom 1,075 were caregivers caring for elderly loved ones (including 538 caregivers caring for loved ones with dementia at home) and 43 elderly caregivers caring for children. In comparison to SFY13, there were 62 more caregivers served in SFY14.

Potential Budget Impacts: Given current average annual cost to provide services (estimated to be \$918/caregiver) and the SFY16 GF operating budget for Family Caregiver Support Services (\$1,003,304), 25 caregivers may be negatively impacted and receive fewer services.

Senior In-Home Services: The Senior In-Home Services senior grant program focuses on the needs of the aging individual and provides one of the few safety net programs for vulnerable seniors age 60 and older who need assistance with maintaining their health and ability to live independently at home but do not qualify for Medicaid waiver services, Personal Care Assistance, or are waiting for their eligibility to be determined. Services include care coordination, chore/homemaker services, supplemental supports (such as eye glasses, hearing aids, & other items that may not be covered by Medicare) in addition to respite for their family caregivers. Without access to appropriate in-home supports, elderly Alaskans recovering from hospital stays related to hip injuries, surgeries and illness are at risk for delayed recovery or relapse that can result in hospital and nursing home admission. In December 2014, SDS reported 97 seniors on a statewide waitlist for services based on grantee reports with chore and respite services being in greatest demand. Current waitlist numbers are not available at this time. Alaskans living in rural areas have limited or no access to these services. Services are provided on a sliding fee scale and no one is turned away due to the inability to pay.

In SFY14, 17 providers statewide served 1,528 seniors of whom 356 (23%) have dementia which is an increase of 106 seniors compared to SFY13.

Potential Budget Impacts: Based on \$1,909 average annual cost/recipient and the SFY16 operating budget for Senior In-Home Services (\$2,861,868), 29 seniors who need services may be impacted and receive fewer or no services, increasing the growing waitlist for these services.

Impact of Medicaid Reform & Senior Program Sustainability: The Department of Health and Social Services (DHSS) is moving forward with reforming Medicaid services to ensure Alaskans have continued access to home- and community-based services by engaging stakeholders in the design and implementation of the 1915(i) State Plan HCBS Benefits and the 1915(k) Community First Choice Option. These services provide low-cost, sustainable services for eligible persons with physical, cognitive and behavioral health needs who income-qualify for Medicaid but do not meet institutional level of care requirements for the waiver program and are in need of

services and supports to remain independent. The Centers for Medicare and Medicaid (CMS) require the involvement of stakeholders in the design and implementation of these reform efforts through a “Development and Implementation Council” that is composed of seniors, people experiencing disabilities, and their representatives. The DHSS has contracted with Agnew-Beck (project coordinator), Health Management and Associates, and Actuarial Analysis to examine the impact of implementing the proposed Medicaid 1915(i) and 1915(k) reform options and to develop an implementation plan for reform. This project is scheduled for completion July 1, 2017. Reform measures will require an amendment to Alaska’s Medicaid State Plan for waiver services.

The 1915(k) option creates an opportunity to refinance our existing waiver services for persons who would otherwise need institutional care by offering a 6% increase, from 50% to 56%, in the federal financial participation rate. This option would also refinance the Personal Care Assistance program that is currently funded with 100% GF. The 1915(k) includes services that provide assistance with activities of daily living and instrumental activities of daily living and generally exclude services related to assistive technology, medical supplies and equipment, and home modifications unless they are specified in a person’s plan of plan. The 1915(k) would serve vulnerable Alaskans who meet nursing facility level of care. The 1915(k) could result in a potential annual savings of \$15 million (SDS 2015).

The 1915(i) option would serve persons who have functional needs needing assistance to perform activities of daily living and are at-risk due to behavioral, memory, judgment, or other cognitive impairments. The 1915(i) option could potentially serve Senior Trust Beneficiaries with early to mid-stage dementia and do not qualify for the existing waiver program with the following service array: cueing and supervision, case management, adult day, transportation, homemaker services, supported housing, personal care, family caregiver training and assessment, assistive technology, and home modification.

In addition the 1915(i) option could result in significant savings for other senior programs. The Pioneer Homes, for example, serve residents with ADRD who income-qualify for Medicaid but do not meet level of care requirements. Those residents depend on the State’s Payment Assistance Program that is funded with 100% GF which could be supplemented with 50% federal funds through the 1915(i) option. The 1915(i) could also help to refinance the Senior In-Home and Adult Day Services used by seniors with ADRD which are funded with 100% GF. While the 1915(i) could serve seniors with dementia, ACoA recommends maintaining the grant programs to serve vulnerable seniors who may not qualify for the 1915(i). An estimated 60% of seniors who receive grant-funded service do not qualify for Medicaid based on income and assets requirements (SDS Senior Grants Unit, July 2015). Finally, the 1915(i) could also result in significant savings for the General Relief program (now funded with 100% GF) for those who require assistance through the GR Assisted Living program such as seniors who income qualify and need assisted living but do not qualify for the level of care requirements under the existing waiver.

Based on estimates provided by SDS Senior Grants Unit (May 2015), the following table describes the impact of the Medicaid 1915(i) option for seniors who meet financial eligibility and have ADRD, traumatic brain injury, and/or serious mental illness who are served by SDS grant programs in SFY15. The total estimated annual cost savings for these programs using the 1915(i) is \$558,669.

Program Type	SFY15 GF Fund	Total Served	Average Annual Cost/Individual	Estimated Eligible for 1915(i)	Estimated GF to be Refinanced
Adult Day	\$1,757,100	416	\$4,224	114	\$240,744
Senior In-Home	\$2,917,265	1,528	\$1,909	123	\$117,416
General Relief	\$ 723,900	630	\$1,149	349	\$200,509

ACoA Policy & Legislative Recommendations: The Commission recommends support of the following priority policy and legislative recommendations for SFY16.

Preserve Safety Net Programs/Services for Vulnerable Older Alaskans: As people age, they become more at risk for chronic diseases, such as Alzheimer's disease and related dementia, as well as other disabling conditions that will increase demand on Alaska's health care and long-term support services as well as personal resources to pay for those services. Home-delivered meals, congregate meals, assisted transportation, adult day programs, care coordination, homemaker services, and respite for family caregivers help seniors maintain their ability to live in the community. These services target the vulnerable elderly who are low-income and at-risk for institutional care. Serving seniors appropriately at home and in the community has proven to be significantly less expensive than serving them prematurely through institutionalized care.

Recommendation: The Alaska Commission on Aging recommends continued funding for programs that provide essential services for vulnerable seniors including the Nutrition, Transportation and Support Services, Adult Day, and Senior In-Home Services, administered by the Division of Senior and Disabilities Services, and support for the Alaska Senior Benefits program, Division of Public Assistance. Alaska's strong system of senior home and community-based supports holds down the rising costs of long-term care. In addition, the risk of poverty is far greater for seniors who are older than 75 years old, persons living alone, as well as for widowed women and those of minority status. The Senior Benefits program helps low-income seniors afford basic necessities and promotes dignity for older Alaskans.

Support Family and Other Informal Caregivers to Care for Their Elderly Loved Ones: The need for long-term support services is increasing and will grow substantially as baby boomers age and become at risk for disabling and chronic health conditions. Long-term care is expensive in Alaska - \$66,000 on average annually for assisted living home care and more than \$240,000 for nursing home care (Genworth Financial 2014). Many families assume personal responsibility for providing care to their elderly loved ones at home, which is rewarding work and helps Alaska avoid paying for more costly skilled nursing care, but which often exerts heavy emotional, physical and financial toll on the caregiver, especially for those who care for loved ones with dementia. Research shows that investment in caregiver supports produces a positive return. Family caregivers who receive training and supports are better able to provide care at home longer than those who receive few or no supports. These services improve the quality of life for the caregiver and the person under their care and may provide a huge cost savings by preventing early nursing home placement.

Recommendation: The Alaska Commission on Aging supports efforts to:

- (1) Maintain funding for the National Family Caregiver Support Grant Program, Adult Day, Senior In-Home Services and other programs administered by the Division of Senior and Disabilities Services that support caregivers through training, respite, counseling, and peer supports that keep families going strong providing care to their elderly loved ones at home.
- (2) Implement a family caregiver assessment tool to determine the health and well-being of the senior's family caregiver and identify the supports they may need to be better prepared for their caregiving role; and
- (3) Enact the Designated Caregivers for Patients, SB72, sponsored by Senator Giessel, that requires hospitals and nursing homes to discuss the patient's plan of care with the designated caregiver; provide notification to the designated caregiver of the patient's discharge date; and provide meaningful instruction to the designated caregiver of the medical after-care tasks required such as administering complex medications, performing wound care, giving injections, transferring an individual, and preparing meals for special diets. These efforts help to ensure the patient's successful transition home, avoid costly hospital/nursing home readmissions, reduce caregiver injury, and promote health literacy for caregivers.

Protect Older Alaskans from Elder Financial Exploitation, Abuse, and Harm: As the number of older Alaskans continues to increase, so has the number of substantiated reports of harm to Adult Protective Services, the Office of the Long-Term Care Ombudsman, and the Office of Elder Fraud and Assistance. Elder abuse is a devastating and under-recognized problem that oftentimes goes unreported and can have life-threatening consequences for Alaska's elderly people.

Recommendation: The Alaska Commission on Aging supports continued funding for Alaska's elder protection services that include Adult Protective Services, the Office of the Long-Term Care Ombudsman, and the Office of Elder Fraud and Assistance.

Further, ACoA supports passage of HB 8, Powers of Attorney (Representatives Hughes & Gruenberg) to reform Alaska's power of attorney statute (AS 14.26) by adopting provisions of the model 2006 Uniform Power of Attorney Act to strengthen Alaska's Power of Attorney (POA) law and promote greater protection for vulnerable seniors from financial abuse. Reforming Alaska's POA law is needed to provide greater protection for seniors, especially those who are incapacitated or lack the ability to monitor the actions of their designated decision-makers to whom they have given power of attorney.

Advocate for "Sunrise" Legislation for the Alaska Commission on Aging: The mission of the Alaska Commission on Aging (ACoA) is to ensure the dignity and independence of all older Alaskans and to assist them to lead useful and meaningful lives. The ACoA is charged with the responsibility of developing the state plan for senior services, educating Alaskans on matters related to aging, and serving as an effective advocate for the elderly in collaboration with public and private agencies. The ACoA is scheduled to sunset on June 30, 2016. The Commission fulfills the federal requirement that each state establish an advisory council consisting of older individuals who are participants or are able to participate in Older Americans Act programs. If the ACoA expires, federal funding in the amount of \$12.8 million for senior services could be at risk. The Division of Legislative Audit determined that the Commission continues to serve in the public interest, even after applying eleven review factors specified under the State's sunset law.

Recommendation: ACoA supports passage of legislation to extend the Commission's sunset date eight years to June 30, 2024 as recommended in the Commission's legislative audit report (April 2015).

Governor's Council on Disabilities and Special Education



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

Governor's Council on Disabilities
& Special Education

3601 C Street, Suite 740
Anchorage, Alaska 99503
Main: 907.269.8990
Fax: 907.269.8995

To: Russ Webb, Chairman, Alaska Mental Health Trust Authority

From: Patrick Reinhart, Executive Director, GCDSE

Date: August 17, 2015

Re: FY2017 Funding and Policy Recommendations

The Governor's Council on Disabilities appreciates the opportunity to provide recommendations to the Alaska Mental Health Trust Authority regarding use and expenditure of trust income and public policy in FY2017.

As stated by my colleagues from the other advisory boards, our agencies are dealing with a 9.1% reduction in state funding from the FY 2015 management plan to the FY 2016 approved budget, and it is the Governor's expectation to deliver additional cuts with a cumulative total of a 25% reduction over four years. The Governor's Council on Disabilities and Special Education (Council), pledges to do everything we can to not only tighten our own belt, but to explore and encourage ways to create greater efficiencies in the delivery of both General Fund and Medicaid funded services for persons with I/DD. In addition, in our role as both the Special Education Advisory Panel (SEAP), and the Interagency Coordinating Council for Infants and Toddlers for Infants and Toddlers with Disabilities (ICC), we are also working with the Department of Education and Early Development (EED) on recommendations to leverage special education and infant learning program funding across the state.

IMPACT OF GENERAL FUND REDUCTIONS IN FY2016 OPERATING BUDGET

Council Reductions: The Council received a \$50 K GF reduction to the travel line in FY16, which is a 25% reduction in from our FY15 travel line item. Fortunately, we anticipated doing less travel in FY15, and spent only 70% of our budgeted amount. Even with a 5-Year Plan development year coming up in FY16, where we anticipate holding about a dozen community forums around the state, we expect to come in under budget for travel again for two reasons: 1) Staff who need to travel for grant or technical assistance purposes are being asked to add a community forum to their trip and 2) we expect the Governor to give us 5-6 few appointees this year, bringing our large board of 28 down to 23, reducing our board travel requirements significantly. In addition, of our three full board meetings, we expect two will be in Anchorage, and one in Juneau. We are also reducing the number of staff that will participate in Key Campaign, while still trying to maintain the same level of scholarships to beneficiaries as well as allow new self-advocates on the Council to attend Key.

Community Developmental Disability Grants (CDDG): Reduced \$279.3 K from FY15 to FY16 but grantees were given the same amount as last year due to one prior applicant not submitting a proposal.

Short Term Assistance and Referral (STAR): Reduced \$120 K, or \$10 K for each of the 12 grantees, and the mandatory requirement that they must use \$15 K as discretionary funding to assist consumers or families in crisis was removed.

Aging and Disability Resource Center (ADRC): There was a reduction in GF but it was mostly made up by an increase of AMHTA funding from \$125 K to \$300 K. The end result was a slight reduction of all ADRC's, with the exception of LINKs in Matsu, which received the increase in Trust funding.

DD Mini-grants: Increased by Trust from \$286 K to \$336 K. The increase in mini-grants in some ways absorbs the impact of a decrease in the STAR discretionary funds.

Medicaid Waivers: The FY2016 budget for Medicaid services is \$51 million less than the FY2015 budget. One impact that this has had is that SDS recently announced a reduction in the number of draws from the Developmental Disabilities Registration and Review (DDRR, or "waitlist") from an annual draw of 200 beneficiaries to 50. The projected result is a saving of \$4.4 M, half federal and half state. Of the four waivers run by the State, the IDD program has experienced the greatest growth and is the most expensive waiver program, on average costing just around \$85 K per client/year. The annual draw of 200 persons per year started back in 2006 it was hoped that this large increase in draws would end the need for a waitlist by FY 10. From a systems point of view that is not attainable. While program size and access to services increased from 1039 in 2007 to 1189 in 2008 to 1968 in 2015, the number of individuals registering for services remains fluid. It is worth noting there are 736 people currently on the list (DDRR). Of the 736 individuals currently on the DDRR, some indicate they do not have immediate needs. In fact 24% of these individuals have a score of 0.

Impact of General Fund Reductions in FY2017 Operating Budget and Beyond

The IDD system is primarily paid for by Medicaid Waivers and DD Community Grants and therefore these two items become the areas of biggest concern for the Council.

Medicaid Waivers: Reducing the number of draws from the DDRR this year from 200 to 50 is a very big change, and the result is a "slow down" in the growth of the programs and an increase in the "waitlist" itself over time. However, the work just beginning on rebalancing the system through utilization of the 1915 (i) and (k) options could have significant positive impact, generate increases in federal dollars and thereby allow for more services to be delivered through different targeted programs. In truth, the details about all of these potential shifts are only now being flushed out and it will take a year or more of discussions and approvals, and then a couple more years to migrate a system toward these new service delivery options. In addition, the rate re-basing and acuity projects now underway have a significant impact on how the existing pot of money gets re-sliced.

Grant Funding: The community developmental disability grants are a safety net for all those people on the IDDR as well as others that come into contact intermittently with the DD system. Providers use these funds to provide "waiver like" core services, and most families who really need the supports get them. Therefore, the Council does not want to see anymore erosion of the CDDG funding until such time some of the services provided by these purely GF dollars can be picked up elsewhere, such as through Medicaid Expansion and/or reform efforts under the (i) and (k) options. That being said, it can only be expected that these grant dollars

would shrink should they be able to draw down additional federal dollars, but our expectation is that it would be measured and incremental.

New Revenues: It is clear that a new model for state funded services has to be discussed and agreed upon by Alaskans. The Trust, the Council and all the advisory boards have an obligation to weigh in on this discussion and support efforts that do not collapse the entire state government. It is been said again and again we cannot cut ourselves to a balanced budget, yet the dialogue has been 95% cuts and the impacts of such cuts and only 5% revenue enhancements. The Trust is a shining example of how to generate income from its resources and yet maintain a healthy portfolio for the future. Why is that not a constant feature of our discussions and forums with the Trust?

Finally, I want to concur and support the assessments provided to you by my colleagues, Denise Daniello of the ACoA and Kate Burkhart of the AHMB/ABADA boards. As such, I am providing a short write up about the Alaska Mobility Coalition's accomplishments as of late and will be prepared to speak to the Trustees about this item in particular at the upcoming Aug.26-27 board meeting, and, with permission, provide a brief training on the Achieving Better Life Experience (ABLE) Act. The Governor's Council on Disabilities and Special Education appreciates the work of the trustees and staff and want to thank you for the opportunity to share our recommendations for the FY2017 budget cycle.

Sincerely,

Patrick Reinhart
Executive Director

Appendix A: AMC Accomplishments

Appendix A: AMC Accomplishments

Founded in 2002, the Alaska Mobility Coalition (AMC) is a private, non-profit membership organization that represents public, private and community transit providers in Alaska, topping out at 140 members in 2015. In addition, AMC provides technical assistance to new and emerging transit providers in the state. The mission of the AMC is to achieve mobility through community appropriate transportation services in Alaska. AMC goals include advocating in Juneau and Washington, D.C. for capital and operating funding for Alaska transit; promoting safe and cost-effective transportation that meets local, regional and state needs and promoting sustainable and coordinated transportation in the state.

The AMC has continued to provide assistance to the Department of Transportation for both the 2014 Alaska Community Transportation Conference held in September and the upcoming conference scheduled for April 2016. This assistance includes suggesting topics and speakers that will be relevant to the transit community. Each year we make sure there is a series of conference sessions focusing on the needs of people with disabilities and how those relate to transit. We make sure that one of the components of the session deals with issues of particular relevance to the Trust Beneficiaries.

The AMC Board of Directors voted to submit a resolution in favor of Medicaid expansion. While this issue does not directly impact the world of transit we are aware of the ways that transportation plays a vital role in helping the individuals who rely on Medicaid to get to and from medical appointments. We also recognize the need for expanding services to as many Alaskans as possible. As more individuals are able to receive the services they need we are able to help them maintain their role as a productive and vital member of society.

The AMC has been working in the Fairbanks North Star Borough through the Fairbanks Transportation Partnership Project (FTPP) to help improve transportation services for older Americans, people with disabilities, and low income individuals. The project has received three different rounds of funding out of a competitive grant process at the national level. During the project we have focused our initial efforts on providing information about the transportation services available in the Fairbanks community through the development of a transportation guide with general categories for services and contact information for each agency. We have developed a website with the transportation guide and relevant information both about the FTPP and more detailed descriptions of the different service providers in the area. We have done substantial research into the development of a universal standard for ADA eligibility determinations to be used across all agencies. Ads have been placed on the Metropolitan Area Commuter Service (MACS) buses and the UAF shuttles to help promote the website and use of the resources available there. Currently the FTPP is working to update the coordination plan for the FNSB. Completing this plan will allow the human service providers in the area to apply for funds and secure necessary capital improvement and operating assistance components to continue serving their clientele.

Additionally, several of the human service organizations in the area are interested in using some of the funding secured through the coordinated plan to help launch an accessible taxi operation in the community. This accessible cab would allow people with disabilities to have on demand transportation services and would help to serve the times outside of VanTran's regular hours of operation. To help support the coordination efforts and move the efforts of improving transportation services and community access for people with disabilities, older Americans, and low income individuals the project team and AMC staff have been successful in securing a VISTA Volunteer. The VISTA Volunteer is currently housed at Access Alaska and has previous experience in working with people with disabilities. She has been tasked with community outreach and project development as the coordinated plan moves towards implementation. Additionally, we will be holding a series of public meetings during the final week of August to collect community feedback on the coordinated plan objectives as well as any other outstanding gaps or duplications in transportation services observed by the members of the FNSB community.

**Advisory Board on
Alcoholism & Drug
Abuse /
Alaska Mental Health
Board**



THE STATE
of **ALASKA**

GOVERNOR BILL WALKER

Department of Health and Social Services

ALASKA MENTAL HEALTH BOARD
ADVISORY BOARD ON ALCOHOLISM
AND DRUG ABUSE

431 North Franklin Street, Suite 200

Juneau, Alaska 99801

Main: 907.465.8920

Fax: 907.465.4410

August 14, 2015

Chairman Russ Webb
Board of Trustees
Alaska Mental Health Trust Authority
3745 Community Park Loop
Anchorage, Alaska 99508

Re: FY2017 Mental Health Budget, Policy Recommendations

Chairman Webb,

The Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse, pursuant to AS 47.30.666(6) and AS 44.29.140(a)(2), provide the following information and advice to the Alaska Mental Health Trust Authority regarding use and expenditure of trust income and public policy in FY2017.

The enacted FY2016 operating budget, with unallocated reductions, is 9.1% less than the FY2015 budget. It is reasonable to expect that departments providing or supporting services to beneficiaries will see further constriction in FY2017. It is important to understand that these are reductions to the base budget, which result in cumulative reductions over time. This means that the programs and services provided and supported by the State of Alaska will experience compounded losses over time, which translates into a direct loss to beneficiaries. It is in the best interests of beneficiaries – and the systems that serve them – that every effort be made to mitigate the impact of several years of budget constriction and loss of access to critical services over the long-term.

IMPACT OF GENERAL FUND REDUCTIONS IN FY2016 OPERATING BUDGET

Behavioral Health Treatment and Recovery Grants: Minor reductions and shifting of resources internally occurred in the FY2016 budget. All Comprehensive Behavioral Health Treatment and Recovery Grantees have experienced a small reduction in their FY2016 award. Funding for Individualized Service Agreements was reduced by \$567,000.00 GF/MH. The justification from the Division of Behavioral Health is that fewer people need these flexible funds (the Boards have received contrary public input from providers). The Division of Behavioral Health recently terminated the Senior Outreach, Assessment and Referral (SOAR) program (a program developed by and funded with support from the Boards, Alaska Commission on Aging, and Alaska Mental Health Trust Authority).

Early Childhood: Early Childhood Services Grants for Disabled Infants and Young Children (the new title for the Infant Learning Program) were reduced by \$237,300.00 GF in the FY2016 budget. Family Preservation Grants were reduced by \$500,000.00 GF (7% of the total component). These grants support community based services designed to help children, where safe and appropriate, return to families from which they have been removed or to be placed in permanent homes through adoption or other means. These include respite, parenting skills building, and parenting supports.

Juvenile Justice: Six community probation positions were deleted in the FY2016 budget. Community probation services play a significant role in preventing youth from being committed to the custody of the Division of Juvenile Justice through diversion programs, as well as reducing recidivism for youth once released from detention.

Public Assistance: The Alaska Temporary Assistance, Adult Public Assistance, Tribal Assistance, Senior Benefits, and Energy Assistance Programs all saw significant reductions in the FY2016 budget. The justification for the reductions was that demand had decreased. However, we expect that the recession will cause increased need for cash and energy assistance by beneficiaries and others living in or on the margins of poverty. Of further concern is that federal funding for the Low Income Heating Assistance Program (LIHEAP) was reduced in the FFY2015 budget, and can reasonably be expected to remain flat (if not again reduced) in the FFY2016 budget.

Public Health: Budget constriction has resulted in the closure of one public health center – in Seward – as well as reduced public health nursing grants and staffing. Public health centers and public health nurses are an essential component to the overall health and wellness of Alaskans and their communities. In 2012, public health nurses in three regions piloted alcohol and brief interventions as part of the catalog of health screenings. Evaluation of the pilot showed positive outcomes, leading the Division of Public Health to engage in systemic practice change and training for 120 public health nurses. Alcohol screening and brief intervention is now an integral prevention screening. This is just one example of how public health nurses and centers support the health and well-being of beneficiaries and their families. Program reductions in Seward, and loss of 8 positions in public health nursing, plus reductions in community health aide grants and a forced vacancy in the Women, Children, and Family Health program, will have an impact on beneficiaries.

Human Services Matching Grants: Few communities exercise health powers, and even fewer contribute to direct or preventive health services. The Human Services Matching Grants incentivize the largest communities – Anchorage, Fairbanks, and the Mat-Su Borough – to allocate funds to local health and social services. This component was reduced 60% (from \$1,785,300.00 to \$707,600.00) FY2016. Loss of these funds will result in fewer local dollars committed to services that support beneficiaries and other Alaskans in need.

Community Initiative Matching Grants: The Community Initiative Matching Grant Program extends to smaller communities the same incentives as the Human Services Matching Grants. This component was reduced by 51% in FY 2016. Only \$439,600.00 will be available to communities this year. Loss of these funds will have a significant impact, given that the communities that rely on these grants often have fewer local resources.

Medicaid Services: The FY2016 budget for Medicaid services is \$51 million less than the FY2015 budget. The justification was primarily related to lapsed balances. There is some concern about how this will affect beneficiaries and the Department of Health and Social Services overall. If the demand for medically necessary services exceeds the appropriation, and a supplemental appropriation is not approved, further internal reallocations will be necessary (further compromising programs upon which beneficiaries depend).

Independent Living: Grants for independent living centers are managed by the Division of Vocational Rehabilitation, Department of Labor and Workforce Development. The FY2016 budget for these grants was reduced by 10%. Related to this reduction is the elimination of the Interpreter Referral Program (which provided ASL interpretation to ensure access to health care and other critical services).

Program Management: The Department of Health and Social Services, as a means of mitigating the impact to Alaskans depending on public health and welfare programs, has attempted to absorb a significant amount of the budget constriction through reduced departmental staffing. Eliminating positions, transferring positions internally, leaving positions vacant, reclassifying positions to lower pay levels – all of these efforts result in decreased resources for the effective and **timely** management of programs. We understand that this tactic is one of good faith meant to insulate Alaska's most vulnerable from further difficulty. However, we have seen a steady erosion of administrative capacity at DHSS over the past three years, with a demonstrable impact on the management of behavioral health and other programs. For example, behavioral health grantees failed to receive notices of award prior to July 1 – in some cases waiting nearly 30 days for the letter. Senior Outreach, Assessment and Referral grantees received notice that their grants were not being renewed on July 23, 2015 – three weeks into the fiscal year. The Division of Behavioral Health's attempt to reap savings by deleting the vacant medical director position at Alaska Psychiatric Institute proved untenable, and so the prevention section chief position was moved to the hospital so that a medical director could be hired. The financial consequences to the actual providers of services are significant. The disruption to client services, without time or opportunity to transition to other sources of care, is unacceptable. We expect that budget reductions – specifically the \$7,995,000.00 unallocated reduction in FY2016, will continue to whittle away at DHSS's capacity to oversee both formula and non-formula programs, unless changes are made to the way in which they are administered.

Board Activities: AMHB and ABADA accepted a \$50,000.00 GF reduction to the travel line in FY2016. Board members discussed this at the May board meeting, and voted not to meet in person in Juneau during the legislative session. Executive committee members will be available and engaged to represent the Boards and their constituencies in Juneau.

Expected Impact of General Fund Reductions in FY2017 Operating Budget and Beyond

Just as beneficiaries will be affected by the budget constriction across departments in FY2016, further reductions will compound that impact. The most crucial budget recommendation for FY2017 is that the **Behavioral Health Medicaid Rate Adjustment** agreed to by the Department on Health and Social Services on April 1, 2015 be implemented (once the Office of Rate Review and partners determine the final recommendation). This is critical to maintaining access to behavioral health services and effectively expanding Medicaid.

With Medicaid Expansion, the impact to access to direct health care services may be mitigated as many General Fund supported services will transition to Medicaid. However, public health programs, public assistance programs, prevention programs, and administrative capacity will not have the same buffer.

Services Critical to the Health and Wellness of Alaskans Experiencing Behavioral Health Disorders

The Boards engaged in a qualitative and quantitative analysis of the services upon which Alaskans depend to achieve and maintain recovery and upon which communities depend for wellness. Based on the analysis of constituents' priorities and data related to the outcomes of those programs, the Boards recommend that funding be allocated first and foremost to core health services and effective prevention programs.

The top constituent priorities, supported by data and research, are:

1. Access to clinical, medical, and rehabilitative mental health services for children, youth and adults, inclusive of case management, medication management, and inpatient hospital services.
2. Crisis intervention, respite services, and suicide prevention and intervention.
3. Primary care services, inclusive of Federally Qualified Health Centers, primary care centers, emergency departments, private physician practices, and public health centers and nurses.
4. Outpatient substance abuse treatment services, to include intensive and non-intensive outpatient treatment, medication assisted treatment, and, possibly, ambulatory detoxification.
5. Housing – the full range of affordable, subsidized, emergency, transitional, supportive, and assisted housing models, though constituents' prioritized permanent housing most.

The next cohort of constituent priorities, which often depend upon access to the first cohort's services, are:

6. Peer Support, inclusive of drop in centers, support groups, one-on-one peer specialist services, etc.
7. Residential substance abuse treatment services.
8. Detox services, defined as medically monitored or facility-based detoxification.
9. Food security programs, such as congregate meals, food banks, school lunch programs, and soup kitchens.
10. Public assistance programs, specifically Medicaid, Food Stamps, Alaska Temporary Assistance Program (cash assistance), Women, Infants, and Children, and Adult Public Assistance.
11. Public, coordinated, and other accessible or subsidized transportation programs.

The third cohort of constituent priorities, with reference to data and research, are:

12. Supportive employment programs.
13. Comprehensive prevention programs (including substance abuse, violence, child abuse, etc.), with the priority being actual evidence based prevention programs/activities, not additional surveillance, planning, or assessments.
14. Community engagement and inclusion programs.

Sources of Reallocated Funds

Given that programs identified as most essential to recovery and wellness are direct services, public funds should be directed first and foremost to those programs. To maintain support for these services, public funds could be reallocated from low-priority programs. Projects and programs that do not involve the direct provision of health care, housing, or basic needs should be considered first for reduction, hiatus, or elimination. While surveillance, assessment, and evaluation are essential to quality program management, they are not as essential as the actual services that support beneficiaries' most basic needs.

The Boards recommend that the Alaska Mental Health Trust Authority set aside an amount certain in FY2017 to be reserved exclusively for efforts to mitigate the harm to beneficiaries caused by budget constriction in programs identified as essential (i.e. meeting beneficiaries' basic needs for food, shelter, health care, etc.) this year and next.

Capital Recommendations – Joint

The Boards, with the Alaska Commission on Aging and Governor's Council on Disabilities and Special Education, make the following joint capital budget recommendations:

Essential Program Equipment: \$250,000.00 MHTAAR + \$250,000.00 GF/MH

This is an ongoing capital program, funded every other year, through which organizations serving beneficiaries have access to funds for equipment necessary for the saving and effective delivery of services. Examples of past awards include stoves, accessible furniture, computers, telephony, and playground equipment.

Change Record Transaction	Purpose	Other Info
250.0 MHTAAR IncOTI 250.0 GF/MH IncOTI	Essential Program Equipment	Ongoing capital program (3-5 years to expend)

Coordinated Transportation: \$300,000 MHTAAR + \$1,000,000 GF/MH

Also a standing program, Coordinated Transportation is funded annually to ensure that beneficiaries have access to transportation in order to get to health care appointments, community activities, work, school, and elsewhere. In FY2017, the joint recommendation is that \$50,000 MHTAAR be allocated directly by the Alaska Mental Health Trust Authority to the Alaska Mobility Coalition (described more in depth by the Governor's Council on Disabilities and Special Education), with the remainder to go to the Department of Transportation to maintain the existing program.

Change Record Transaction	Purpose	Other Info
250.0 MHTAAR IncOTI 1,000.0 GF/MH IncOTI 50.0 MHTAAR Authority Grant	Coordinated Transportation	Ongoing capital program (3-5 years to expend)

Assistive Technology: \$500,000 GF/MH

Also a standing capital program, funded every three to five years, these grants ensure that beneficiaries have access to low- and high-tech solutions to support independence and engagement in work and school. Assistive Technology of Alaska (ATLA) has effectively managed these funds over the years to assist the maximum number of people. (Further exposition in the Alaska Commission on Aging's recommendations.)

Change Record Transaction	Purpose	Other Info
500.0 GF/MH IncOTI	Assistive Technology	Ongoing capital program (3-5 years to expend)

Policy Recommendations – Joint

The Boards, with the Alaska Commission on Aging and Governor's Council on Disabilities and Special Education, make the following joint policy recommendations:

The most important policy priority is to ensure that **Beneficiary Basic Needs** are met and that **Safety Net Services** are maintained. This includes maintaining existing access and capacity in the health care system and effective implementation of **Medicaid Expansion and Reform**. It also means maintaining emergency shelter and affordable and supportive **Housing Programs**, **Nutrition and Food Security Programs**, and **Accessible Transportation** programs. This recommendation includes public programs that offer a modicum of **Financial Security** to beneficiaries: Senior Benefits, Adult Public Assistance, Heating Assistance, etc.

The advisory boards also jointly recommend maintaining policies that empower and support **Beneficiary Families and Caregivers**. This specifically includes the ABLE Act (HB 188), which would create tax-free savings accounts for individuals experiencing intellectual and developmental disabilities. (Further exposition will be provided by the Governor's Council on Disabilities and Special Education.)

Policy Recommendations – AMHB and ABADA

The Boards first and most critical policy recommendation is that the **Behavioral Health Medicaid Rate Adjustment in FY2017 and Rate Rebasement in FY2018**, as committed to on April 1, 2015 by the Department of Health and Social Services, be implemented. The Office of Rate Review has worked in partnership with the Alaska Behavioral Health Association and the Boards to fulfill this agreement. It is paramount – for the successful implementation of Medicaid Expansion and the maintenance of critical health care services for beneficiaries – that this effort be completed.

The Boards recommend that **a portion of the Alaska Mental Health Trust Authority's FY2017 revenue be reserved**, for the specific and exclusive purpose of mitigating harm to beneficiaries (in all life domains) caused by reductions in general fund programs and community spending. It is imperative that, as further reductions to essential services occur over the next several years, there is some way to protect beneficiaries from the loss of their health and well-

being. Further, given that resources are expected to continue to constrict over the next several years, we recommend that the four advisory boards review and make recommendations on all requests for MHTAAR funds, not just recommendations for the Mental Health Budget and Small Project Grants, to ensure that the needs of beneficiaries are met as effectively as possible.

The Boards also recommend that the Department of Health and Social Services and Division of Behavioral Health fully implement the **Streamlining Initiative** (2014) in calendar year 2016. Substantial progress implementing the initiative has been made, though several major recommendations for administrative efficiencies remain. The Boards recommend that savings reaped by the Department from implementing the Streamlining Initiative be redirected to evidence-based prevention programs (not planning and assessment). Unlike General Fund behavioral health care services, which will be transitioning in large part to Medicaid, General Fund prevention programs will have no recourse to other funding.

The Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse appreciate all the work of the trustees and your staff to help make the lives of beneficiaries safer, healthier, and more engaged. Thank you for the opportunity to share our recommendations for the FY2017 budget.

Sincerely,

/s/

J. Kate Burkhart
Executive Director