

April 3, 2019

House Finance Committee
c/o Representative Foster and Representative Wilson, Co-Chairs
Sent via email

Subject: Operating and Mental Health Budget Appropriations

House Finance Co-Chair Foster and Co-Chair Wilson,

The Alaska Mental Health Trust Authority has a duty to educate the public and policy makers on beneficiary needs, and coordinate with state agencies on programs and services that affect beneficiaries. Trust beneficiaries include Alaskans who experience mental illness, developmental disabilities, chronic alcoholism and other substance related disorders, Alzheimer's disease and related dementia, and traumatic brain injuries. Our trustees propose budget items each year including the use of Trust funds (Mental Health Trust Authority Authorized Receipts, or MHTAAR), and recommendations for general fund spending (GF/MH) that would improve the system of care for beneficiaries and Alaska. In addition, the Trust advises the administration and legislature regarding the opportunity to use other state resources to improve the lives of Trust beneficiaries.

As you consider the FY20 operating (HB39) and mental health budget (HB40) bills, the Trust would like to offer comments relating to several budget items that impact our beneficiaries.

Department of Health and Social Services

- **Medicaid:** Alaska's Medicaid program, and the services it provides Trust beneficiaries, has long been a priority for the Trust. The Trust has committed \$10 million of Trust funds to improve access to essential behavioral health care for Alaskans, including tens of thousands of Trust beneficiaries. When implemented, Trust-funded reforms will: (1) increase efficiencies, (2) improve effectiveness, and (3) better serve Alaskans thru a sustainable continuum of integrated care for beneficiaries.

We are concerned that the DHSS proposed radical funding cuts to Alaska Medicaid program will significantly impact an already fragile community-based system of care, and shift service costs from lower levels of care to more expensive, higher levels of care (psychiatric hospitals, corrections, emergency rooms, etc.). This shift will negatively impact beneficiaries' access to services, as well as their health and the health of Alaska communities.

Since most of the proposed Medicaid program changes do not require legislative approval we are focusing our efforts to reduce negative impacts on Trust beneficiaries towards DHSS. We appreciate the Committee's interest in this subject and will share our concerns with DHSS's proposed actions shortly. The primary concern we will share with DHSS is that no reductions in provider rates, optional services, or program structure can be made

until and unless DHSS is assured that they will not result in reductions in quality or quantity of care.

- **Behavioral Health Grants:** One subject included in the Medicaid discussion that could be impacted by legislative action is behavioral health grants. We encourage the Committee to fully fund the grants. Although some of the grant-funded work may transition to Medicaid as a result of the 1115 waiver, DHSS does not know how much service or how much expense will actually be billable in FY20. We are also concerned the timing of the proposed grant reductions, which are to take effect July 1, is not realistic given that the non-substance use disorder related waiver services have yet to be approved by CMS. This transition to the 1115 waiver may involve delays that will inhibit community behavioral health providers and others from being able to bill for services that are not currently reimbursable. We are concerned about the fragility of behavioral health services for Trust beneficiaries. If these grant reductions are implemented, the system will become further at risk with proposed rate reductions and future imposed cuts or caps to Medicaid in general.
- **DHSS Human Services Community Matching Grant and DHSS Community Initiative Matching Grant Program:** The Trust does not support the proposed elimination of these community matching grant programs. Any reduction in funding will adversely impact Trust beneficiaries who rely on community services provided by non-profit agencies. Trust beneficiaries who are homeless or in poverty may lose access to shelter, food, and other basic needs to survive. For many community providers, these grants represent the only public funding source available to provide these essential safety net services.
- **Senior Benefits Program:** The Trust does not support the proposed elimination of this program, for which the average recipient is 75 years old. This elimination will tighten finances for senior Trust beneficiaries, many of whom already live on a very limited and fixed budgets/, and limit their ability to meet basic needs.
- **Adult Public Assistance PFD Hold Harmless:** The Trust does not support repealing the PFD hold harmless provision. For Trust beneficiaries who rely on the public assistance program, the loss of a month or more of benefits could limit their access to shelter, food, transportation and other basic needs.
- **Medical Appliances and Assistive Technology:** The Trust does not support the proposed elimination of funding for this program. These funds support daily assistive devices that help Trust beneficiaries experiencing disabilities and seniors live in Alaska communities, in the least restrictive home environment, and promote maximum autonomy and dignity.
- **Accessibility Improvements and Deferred Maintenance Fund:** The Trust does not support the proposed elimination of the state matching funds for this program. Community based organizations that serve and support Trust beneficiaries access these funds to assist with renovations, repairs or upgrades, and accessibility improvements to program facilities. Reducing these funds could potentially reduce the amount of direct services that can be provided by community agencies, and could result in larger, more expensive facility maintenance issues in the future.

- **Home Modifications and Upgrades:** The Trust does not support the proposed elimination of the state matching funds for this program. This program funds accessibility modifications for Trust beneficiaries so that they can remain independent and in their residence. Without access to these funds, individuals are unlikely to afford and make the modifications on their own. The average cost per project in this program is \$12,246; that is equal to approximately two months of Assisted Living Home care or about 2 ½ weeks of care at a skilled nursing facility.

Department of Corrections

- **Transfer of Alaskan inmates to Out-of-State Facilities:** The Trust does not support the proposed transfer of Alaskan inmates to out-of-state correctional facilities. This will likely add additional trauma and harm to inmates and their families, and is unlikely to produce significant, if any, cost saving to the state. For incarcerated Trust beneficiaries, access to rehabilitation programs, medication assisted treatment, education/vocational programs, and other reentry services are critical in preparing reentrants to successfully return to society and reducing recidivism. Connections with family and community are also important components in recidivism reduction, and can promote long term recovery efforts, particularly for beneficiaries experiencing mental illness and substance use disorders.

Department of Education and Early Development

- **Early Education Programs:** The Trust does not support the reduction to or elimination of early education programming. The Trust works in prevention and early intervention services for individuals at risk of becoming Trust beneficiaries, and these efforts start with young children. Elimination of early childhood services through early education programs including Head Start, Best Beginnings, Parents as Teachers, and the Early Education/Pre-K Grants will reduce the opportunity for trained early childhood professionals to identify trauma and developmental delays, and provide early intervention through child and family support services. Fewer early interventions will lead to increased use of costlier and less effective special education services in the K-12 education system.
- **WWAMI Program:** The Trust does not support the proposed elimination of funding for this program. Recognizing the need for trained healthcare workers to meet our growing physical and mental healthcare needs in Alaska, the Trust supports workforce development efforts that help ensure beneficiary access to quality care. The importance of building the competency and capacity of our state's healthcare workforce, is critical to the overall health of our beneficiaries and the health of Alaska communities. The elimination of this program could reduce the number of trained medical professionals and the licensed provider workforce in Alaska.

Department of Revenue

- **Housing Assistance Program (HAP) and Special Needs Housing Grant (SNHG):** The Trust does not support reductions to funding for the Housing Assistance Program and the Special Needs Housing Program. The Trust is very concerned that any reductions to these programs will place Trust beneficiaries at risk of homelessness and increase Alaska’s homeless population overall. We have invested heavily over the years into proven housing models that demonstrate quantifiable and qualitative results for Trust beneficiaries. The proposed 88% reduction to HAP and 90% reduction to SNHG will result in shelters, rapid rehousing programs, and permanent supportive housing programs drastically reducing or eliminating existing services. This will have the serious effect of increasing the number of homeless people, the length of homelessness, and disrupting stable housing for housed Trust beneficiaries.

Department of Transportation

- **Coordinated Transportation Fund Reduction:** The Trust does not support the proposed elimination of the state matching funds for this program. The state funding combined with federal dollars increases the availability of affordable and accessible transportation for beneficiaries across the state. The reduction in funds may place federal funds at risk and jeopardize the availability of accessible transportation for seniors and persons with disabilities.

Thank you for your consideration of our comments. We would be happy to provide additional detail on any budget item discussed above.

Respectfully,



Michael K. Abbott
Chief Executive Officer

Cc:
House Finance Committee Members