

**Teleconference for Executive Committee of the Advisory board on Alcoholism and Drug Abuse
(ABADA) and Alaska Mental Health Board (AMHB)**

05/01/2019

ABADA

Lee Breinig - Present
Cathy Bishop – Present
Enlow Walker – Present
Jaye Palmer - Present

AMHB

Brenda Moore – Present
Charlene Tautfest – Present
Stephen Sundby - Present
Christopher Gunderson – Present
Sharon Clark—Present

Ex-Officios

Tracy Dompeling - Present

Visitors

Lesley Thompson – Alaska Commission on Aging
Steve Williams – Mental Health Trust
Denise Daniello – Alaska Commission on Aging
Mike Abbott – Mental Health Trust

Staff

Bev Schoonover
Kyle Galano

Roll Call/ Introductions

Meeting called at 10:05AM

- **Alaska Mental Health Trust – Audit Close-Out**
 - a. **Mike Abbott, CEO**
 - Mike: Almost a full year ago now, the legislative budget & audit committee release a special audit of the trust and identified a number of concerns and some of those concerns were shared by the boards.

One of the major concerns was that the trustees (over a 6 year period) have used funds that had historically been sent to the permanent fund for investment and had instead used about \$40 million for a series of commercial real estate investments which were designed to generate income for immediate spending on trust programs. The audit determined that it was not allowed and the trust did not have the authority to make those investments.

We have taken a number of steps to address these issues. The first is, there has been no additional real estate investment. The second is, we've been trying to figure out whether there's a way to address the audit concerns without losing the income that the commercial real estate provides. Right now, roughly about \$2 million a year is generated with those real estate investments and that goes directly into our program spending, that's about 5% to 10% of our total spent, coming from our commercial real estate.

The trustees' finance committee made a recommendation to the full board that the trust make the permanent fund management portfolio whole by transferring funds from the reserves of the trust into the permanent mental health trust fund which is the corpus of our invested assets. Once money goes into the mental health trust fund it cannot be spent on a different purpose, it remains invested by the permanent fund in perpetuity for the benefit of trust beneficiaries. This, I think, is an accommodation that addresses the legislative audit concerns that the trust used the wrong type of money for investments like the commercial real estate and it allows the trust to continue to generate revenue from the real estate assets for our programs.

The source of funding would be the trust's reserves. The trust currently has about \$150 million of reserves. The reserves exist to make sure that even if we have bad investment performances or bad performance from our trust land office that we can maintain our programmatic spending. Our target is to have about \$120 million of reserves, as you can see, if we have \$150 million, we're currently over-reserved and that's primarily because for the last 3 or 4 years, the permanent fund has done better than expected, they have exceeded their objectives.

If we diverted \$40 million from the reserves into the mental health trust fund (which was that permanent corpus that I've mentioned), then the reserves will slightly under but not significantly so, they will be \$10 to \$15 million under, we don't anticipate a need for the reserves in the near term and we anticipate that they will continue to grow. The outcome of this would be the mental health trust fund would be \$40 million richer, it currently has about \$420 million, so this would increase its balance to \$460 million. Our reserves would go from about \$150 million to \$110 million and we would maintain the commercial real estate as an asset. We would continue to withdraw the revenue/income off of the commercial real estate.

The audit would've suggested that it should've been there all along, from the audit's perspective, the mental health trust fund should've been at that \$460 million level several years ago, but instead, the trust used some of that for the commercial real estate, this would correct that.

It is not a significant change in our financial position but it does address the audit's number one concern which is that we used the wrong kind of funds for the commercial real estate investments and this would correct that. That is what the finance committee has been considering.

- **Administrative Services Organization (ASO)**

- Bev: The Administrative Service Organization would be broadened to handle all of the administrative services for the state funded Behavioral Health System, the idea would be that Medicaid, and the Grants will be filtered through this system. This would be one contractor who would be working with DBH and DBH would have oversight on this organization. Katie Baldwin with the trust and I were on the proposal evaluation committee, there were a few folks who gave proposals, right now, there is a notice-of-award to Optum for this contract and they have 2 weeks to appeal.

There are still a lot of unanswered questions like who's going to be doing the Medicaid billing? Which data system are they going to use? Which electronic health system are they going to use? There are a lot of huge decisions that DBH needs to make before this contract can go forward and the idea is that they are trying to get this online as soon as possible.

- **Alaska Psychiatric Institute (API)**

- The department has decided that Phase 2 of the contract with Wellpath should be put on hold. Wellpath is currently doing administrative services at API and that is set to go through until December. The department said that they are going to do a competitive bidding process for the RFP, for the privatization of Phase 2, that means all staffing and the pharmacy while the state would hold on to the building and costs associated on the facility.

From our perspective, we definitely would want to talk to the department about the RFP going out, if that's possible and we also would want to be on the proposal evaluation committee for that.

- **BOD Update – New Members, ABADA seats**

- Bev: We have 7 members of the ABADA board whose terms are expiring July 1st. Almost everyone is going to re-apply but I will tell you that Michael Kerosky has decided to step down from the board, we also have new members on the board.

Tracy: Hello everybody, I'm Tracy Dompeling, I'm the director for the Department of Juvenile Justice, I've only been in this role as director for the last, a little over a year and a half but I've been with DJJ for almost 23 years now. My office has been located in Fairbanks, I am relocating to Juneau on July 1st.

Bev: We also have another member from the AMHB who has been assigned by the Commissioner, Donna Steward who is the Deputy Commissioner of the Medicaid & Health Care Policies, is now an ex-officio on our board, she oversees Medicaid, Health Care Services, Senior & Disabilities, and Public Assistance. She could not join us today because it was very last minute but hopefully she can call-in to our next meeting.

- **1115 BH Waiver – Provider Outreach Efforts**

- Bev: We are doing 2 provider-engagement-initiatives with DBH, one is a statewide task force for the 1115 Waiver, and this is about 30 people. Katie Baldwin with the trust is an ad-hoc member of that task force as well.

We're also looking with DBH on SUD round tables, we're trying to do 12 meetings within the next 6 weeks so it's going to be very interesting. These are very much informal meeting discussions, there are about 10 folks on the call, there are some very real key questions that DBH has about how some of the new services are going to work out in the field and so far it has been going really well.

Brenda: These round tables are kind of information gleaming for DBH too, so that they can get some perspective from the providers on implementation, is that it?

Bev: Yes, definitely! The sole purpose of these meetings are to successfully implement the waiver and these meetings are definitely to support DBH and their communications.

- **Staff Hiring**

- There is no response yet from the Governor's office about Bev's appointment to the AMHB/ABADA's Executive Director position but we're expecting to hear back at any point soon. If Bev doesn't get appointed, we will immediately start an Executive Director hiring process and Bev will go back to being a Planner. If Bev gets appointed, we will immediately start a hiring process for a Planner (the position that Bev's currently in).

We are also hiring a Statistical Technician I. This is an entry-level position, a range 12, focusing on data management. The position is located in Juneau and will be posted soon.

- **FY20 Legislative and Budget**

- Teri: We have been tracking both legislation and budget items that affect not only the boards but also the commission on aging and the Governor's council on disabilities and special education.

Please see attached spreadsheet for reference.

- **Other Business?**

- None

Meeting adjourned at 11:15AM