



THE DIVISION'S FY2018 BUDGET

Grant Continuations, Grant
Reductions, and FY2018
Budget Preparations

DBH Not Issuing A Competitive Grant Solicitation For FY2018

- Notice from Grants & Contracts on October 31st
- The notice contained the primary reasons, all related to the lack of fiscal and programmatic stability:
 - the State's present fiscal crisis
 - the impact of Medicaid expansion and reform efforts
 - movement from a reliance on behavioral health grants to a larger role for Medicaid financing
 - Increasing adaption of non-grantee providers into the behavioral health system

And now: the unknown impact of the recent presidential election of federal programs, including the ACA

FY18 Continuation Grants

- Grants & Contracts will issue continuation applications through GEMS in mid-March, 2017
- This continuation will be for at least two more fiscal years, through FY2019
- The Division will, however, use this opportunity to refine / re-emphasize some of the grant requirements – a loss of focus between the commitments in the year of the original grant application and the awards in the out continuation years; a need to clarify some AKAIMS reporting needs; and desire for clarity on services to be provided under the grant's Program Service Type(s)
- We are also going to look explore changing grant funding sources where it makes sense

Grants Reduction Redux

- As a part of Medicaid Expansion, in FY16 DHSS made a commitment to begin reducing GF grant dollars, as providers are now able to bill Medicaid for the behavioral health services they provide to the Expansion population (ages 21 – 64)
- FY2017: \$5.8 Million reduction to DBH grants
- FY2018: \$3.0 Million (this is the reduction amount we anticipate that the Governor will reflect in the proposed FY18 budget for the Division)

Grants Reduction Process

- This year was rather a tortuous process, and we hope we can simplify the grants reduction process for FY18
- Today I want to remind you of the process we applied this year, because I want to emphasize again, we are most certainly open to suggestions from providers if you have other ideas and approaches to recommend

FY17 Funding Allocations

- A two-step process
- Step 1 was to apply a “system proportional” reduction
- Step 2 was to apply a “Medicaid Expansion” Reduction
- In addition, reductions were also impacted by the sources of the grant dollars used to fund Division grants – grants funded with non-GF dollars were held harmless from the reductions

FY17 Funding Allocation

- We attempted to split the reductions evenly between Step 1 and Step 2 and came pretty close (the system proportional cut was 53% of the total reduction and the Medicaid Expansion was 47%)
- Under both allocations, programs only receiving \$100 grants and Psychiatric Emergency Services grants were not reduced
- Under the Expansion Reduction, programs not able to significantly benefit from the newly eligible Medicaid service population were also held harmless, including SED providers, peer and consumer support services, supported employment, etc., as well as grantees with an award under \$75,000

Reduction Impacts

- The FY17 grants reduction was 9.5% of the Division's treatment and recovery budget component
- The proposed reduction of \$3.0 Million will be 5% of the Division's proposed T&R component for FY18
- These calculations are all very preliminary and can – and probably will – change during the next Legislative session

What we will be considering....

- The impact of Medicaid Expansion on grantee bottom lines

Service Year SFY 2016							
(Services provided July 1, 2015 - June 30, 2016, payments through 9/5/2016)							
A1		B1		C1		D1	
Non Medicaid Expansion		Medicaid Expansion		TOTAL		B/C	
Client Count *	Payments	Client Count *	Payments	Client Count *	Payments	Client Count	Payments
10,456	\$ 123,615,399	2,222	\$ 10,947,520	12,474	\$ 134,562,919	17.8%	8.1%

What we will be considering....

Service Year SFY 2017 (Services provided July 1, 2016 - September 30, 2016; payments through 11/02/2016)								
A2 Non Medicaid Expansion		B2 Medicaid Expansion		C2 TOTAL		D2 B/C		E TOTAL Medicaid Expansion B1 + B2
Client Count *	Payments	Client Count *	Payments	Client Count *	Payments	Client Count	Payments	
5,850	\$ 28,905,826	1,539	\$ 4,468,126	7,326	\$ 33,373,952	21.0%	13.4%	\$15,415,646

10,456	\$123,615,399	2,222	\$ 10,947,520	12,474	\$ 134,562,919	17.8%	8.1%
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What we are considering....

- After the session is over, we will take stock of the final approved Division budget, including the T & R grants line component
- We will no doubt run a number of reduction scenarios
- We will take a look at the impact on grantee budgets/programs based on those scenarios
- Depending on the impacts of those scenarios, please know that we may talk about whether, in order to maintain as many viable programs as possible, it makes sense to simply withdraw or zero out a grant or significantly resize existing grants – this discussion will become a reality as we continue down the path of exchanging Medicaid for grant funding

Anticipated Timeframes

- You have our commitment to be as transparent as we can about the process
- We encourage thoughtful suggestions around reduction scenarios from providers, keeping in mind the behavioral health reform efforts also under consideration
- We will also have to make decisions based on what makes sense in terms of the Department's many efforts around Medicaid reform
- We hope to have some lively discussions with you in May of 2017 so that your perspective on our approach is appreciated and understood by all of us
- We intend to release the FY18 grant figures by early June

Issues for Further Discussion

- What can the Division do to help providers strategize how to restructure their operations and program to maximize Medicaid payments?
- After Stephenie Colston completes her provider readiness assessment, the Division will want to work with providers to strategize how to move forward with appropriate technical assistance and education
- The Division wants to ensure that the provider community continues to be a part of the behavioral health reform process, particularly around the development of the CMS 1115 BH waiver
- We also encourage you all to actively participate in the Department's webinars and other opportunities to learn about and stay abreast of the Department's Medicaid reform efforts

Thank you for your time!

Questions?
Comments?

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